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U.S. HOUSE OF REPRESENTATIVES

REPORT

ON

COMMITTEE DELEGATION VISIT TO THE CARIBBEAN BASIN

DECEMBER 10, 1983

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Meetings

DOMINICAN REPUBLIC

1. His Excellency Dr. Salvador Jorge Blanco, President of the Dominican Republic, and his Cabinet.
2. His Excellency Jacobo Majluta, President of the Senate.
3. The Honorable William Soto Medina, Vice President of the Chamber of Deputies.
4. His Excellency Dr. Jose Augusto Vega Imbert, Secretariat of Foreign Relations.
5. American Chamber of Commerce.
6. Chicago Association of Commerce and Industry, Dominican Republic Investment Mission.
7. His Excellency Robert Anderson, U.S. Ambassador.

COSTA RICA

1. His Excellency Alberto Fait Lizano, First Vice President of Costa Rica.
2. The Honorable Mario Carvajal Herrera, Minister of Exports and Investment Promotion.
3. His Excellency Curtin Winsor, Jr., U.S. Ambassador.

JAMAICA

1. His Excellency Edward Philip George Seaga, Prime Minister of Jamaica.
2. The Honorable Alfred Rattrary, Chairman, North American Subcommittee, People's National Party.
3. Carlton Alexander, Chairman, Grace Kennedy, Ltd., and Chairman, Prime Minister's Investment Committee.
4. Jamaican National Investment Promotion, Ltd.
5. His Excellency William A. Hewitt, U.S. Ambassador.

BARBADOS

1. His Excellency Bernard St. John, Deputy Prime Minister of Barbados.
2. Her Excellency Mary Eugenia Charles, Prime Minister of Dominica.
3. The Honorable Hudson Tannis, Deputy Prime Minister of St. Vincent and the Grenadines.
4. The Honorable Tapley Seaton, Attorney General of St. Christopher and Nevis.
5. The Honorable George Mallet, Deputy Prime Minister of St. Lucia.
6. The Honorable Dr. John Cheltenham, Minister of Agriculture of Barbados.
7. Caribbean Association of Industry and Commerce.
8. His Excellency Milan D. Bish, U.S. Ambassador.

GRENADA

1. Sir Paul Scoon, Governor General.
2. Advisory Council of Grenada.
3. His Excellency Charles A. Gillespie, U.S. Ambassador.

I. INTRODUCTION

1. Overview of the Delegation Mission

The visit of a Congressional delegation from the Committee on Ways and Means to five countries in the Caribbean and Central America between December 1 and December 11, 1983, came at the request of the Reagan Administration (see attached letter). This request was made because the process of designating these countries for trade benefits under the Caribbean Basin Economic Recovery Act, better known as the CBI, was just being completed. It was the Administration's view that formal participation of a House delegation from the Committee responsible for formulating this legislation would serve two purposes: First, to demonstrate to the countries involved that Congress views the implementation process—with the attendant commitments made by their governments—very seriously; and second, to give the Committee a better opportunity to assess the actions being taken by Caribbean Basin countries to utilize CBI benefits and to insure that various conditions set forth by Congress are being observed.

During its visit the delegation met privately with leaders from nine CBI countries, including three of the most important in the region, President Jorge Blanco of the Dominican Republic, Prime Minister Seaga of Jamaica, and Prime Minister Charles of Dominica. These private discussions covered a wide range of topics: the implementation of CBI and the prospects for promoting further development; the debt problem common to all Caribbean and Central American countries; and the issue of regional security in the wake of Grenada and in light of the continuing difficulties in Central America. These conversations yielded a great deal of information about the needs of the region but also gave the delegation a clearer impression of the political orientation of its people. It is very apparent tha., while these countries are experiencing grave economic and in some cases social problems, they are blessed with dynamic and dedicated leaders who have a strong commitment to democracy. Every country the delegation visited was struggling with chronic economic problems—mounting foreign debt, falling exports, growing budget deficits—all brought on by the world recession. Yet in each country the political system has remained vibrant, democratic institutions have been maintained, and the private sector has prospered.

In each country the delegation participated in a formal public ceremony conferring President Reagan's personal message regarding CBI designation. These ceremonies were given a great deal of emphasis by the nations' leaders and the national media. In the Dominican Republic, for example, the ceremony was held in the cabinet room of the Presidential Palace and was attended by the President's entire cabinet as well as many prominent business

leaders. The remarks of Chairman Rostenkowski and the reply of President Jorge Blanco were carried in their entirety on national television. Similar interest was experienced in each country. In Barbados, where the designation ceremony involved leaders from other eastern Caribbean countries, press from throughout the eastern Caribbean was present. This publicity underscored the significance of CBI designation to the people of the region. It was clear to the delegation that attention throughout the Caribbean Basin is now focused on the economic opportunities which the CBI represents in the form of closer commercial ties with the United States.

During its official meetings in the Dominican Republic and Costa Rica, the delegation was accompanied by a group of U.S. investors under the auspices of the Chicago Association of Commerce and Industry. This group is currently exploring joint venture opportunities and other investment prospects in these countries. Their presence helped to symbolize the significance of CBI for domestic U.S. industry and served to emphasize that the political process is now completed; it is now up to the business community in both the United States and the Caribbean to achieve mutually beneficial results.

A recurring theme during the delegation's meetings was the importance of building a better foundation for commercial prosperity as the basis for solving the area's chronic problems of unemployment, poverty, and lack of productive investment. On numerous occasions mention was made of the need to pursue economic rather than military solutions to such problems. The CBI is seen as a key in this process. As the example of Grenada graphically demonstrates, the potential for political instability and consequent military tension exists throughout the region. Whatever one's view of the correctness of the U.S. role in Grenada, it is apparent that the best hope for avoiding future Grenadas is to revitalize the economies of the Caribbean and thereby offer a better way of life to its people.

In general, the delegation was given the strong impression that leaders throughout the Caribbean Basin are now looking to the United States as their major political ally and economic partner. In some cases—particularly the English speaking Caribbean islands—this represents a very noticeable shift away from their once predominant ties to Europe. In other instances it merely represents an improvement in relations with the United States. It is undeniable, however, that these countries are now looking to us for political and economic support. The people of the region are fiercely independent, and do not want the United States to act in a dominant or colonial manner. However, they desperately want the United States to be a strong hemispheric partner. Passage of the CBI represents a major step in building a relationship of mutual cooperation. The program struck such a responsive note because of its emphasis on economic opportunity rather than foreign aid. It will take years before anyone can objectively say that CBI was a practical success, but at the outset it is apparent that the legislation has vastly improved our political and commercial ties to the region and has given the region much greater hope for increased prosperity.

THE U.S. TRADE REPRESENTATIVE.
Washington, D.C., November 7, 1983.

Hon. DAN ROSTENKOWSKI,
House of Representatives,
Washington, D.C.

DEAR DAN: As you are well aware, our efforts to implement the Caribbean Basin Economic Recovery Act are far along. An interagency team has made several visits to all of the potential beneficiaries to discuss the designation criteria.

Among the topics that have been discussed with the potential beneficiaries are the opportunities for workers to organize in pursuit of better employment conditions, protection of the property rights of U.S. nationals, and how the beneficiaries can improve their capacity to take full advantage of the CBI, including how their governments can make scarce resources stretch further.

I am writing to urge you and your colleagues to join in this designation process by visiting some of the nations which are most likely to be among the first to obtain the CBI benefits. This will not only give you an opportunity to make your own assessment of the actions the nations of the Caribbean Basin are prepared to take to insure they will be ready to utilize the CBI benefits, but it will also give greater assurances that the spirit and letter of the legislation's Congressional intent is met.

I believe that such a trip would demonstrate to these countries the seriousness with which the Congress views the implementation process and the concern that there be a continuing effort to improve our trade and commercial relations with the beneficiaries.

Thanks to your efforts in Congress, you have made many friends in this part of the world, and I am sure that you would be warmly welcomed. I do hope that such a trip can be worked into your schedule. My office is prepared to assist you in any way possible.

Very truly yours,

WILLIAM E. BROCK.

2. The Caribbean Basin Initiative

The Caribbean Basin Initiative (CBI) is a ground breaking development program which combines trade and tax liberalization with tailored financial assistance programs to promote a self-sustaining revitalization of the economies of the 27 nations of the Caribbean Basin. The measures are designed to catalyze expansion of local productive capacity, as well as to assist a key service sector of their economies. The CBI is really a combination of several different initiatives: a legislative program of trade and tax benefits adopted by Congress in 1983; an increase in foreign economic assistance and foreign aid programs; and a multilateral program which coordinates the efforts of several other donor countries in this hemisphere to assist the region. The entire initiative has received broad bipartisan support. It was conceived during the Carter administration and President Reagan embraced the plan fully and urged its adoption. Democrats and Republicans in Congress worked closely together for its final passage.

The Caribbean Basin, defined as the island nations of the Caribbean and the countries of the Central American isthmus, Guyana, and Surinam, is presently in the throes of critical economic and political dislocations. The small and fragile economies of this region have been seriously affected by escalating costs of imported oil, declining prices for their major exports (sugar, coffee, etc.), a shrinking of export markets due to worldwide recession, and a decline in tourism. The cumulative GNP of these nations is only 40 billion dollars annually. Collectively, their balance-of-trade deficit, per capita, is more than three times the size of the U.S. trade deficit with Japan. To meet the soaring cost of imports—imports which are essential to the smooth functioning of their economies—these nations must now sell far greater quantities of their traditional export goods than was the case only five years ago. In 1977, one barrel of oil cost a Caribbean nation the equivalent of five pounds of coffee, or 155 pounds of sugar. For these nations to buy the same barrel of oil today, they must sell five times as much coffee (nearly 26 pounds) or almost twice as much sugar (283 pounds).

Social unrest, born of the frustrations which come from rapidly contracting economies, has brought the threat of violent confrontation between the people and their elected governments. Even the exercise of democratic choice at the polls has been insufficient to overcome the sense of despair that leads individuals and communities toward radical and self-defeating solutions to domestic problems. As the freely-elected governments of the region have sought to grapple with the job of managing their public sector, they have been thwarted time and again by the accelerating downward slide of their economies.

The Caribbean Basin Initiative offers the beneficiary nations the prospect of important new investors in the agricultural and manu-

facturing sectors of their economies. By providing the Caribbean special access to the U.S. market under a concessionary trade regime, we will add a new dimension to the investment analyst's view of the Caribbean as a target for new venture capital. New capital will soon generate new export income in non-traditional as well as traditional export products. For the Caribbean states, these export earnings will provide the wherewithal to reduce social tensions through improved living conditions for all members of their societies.

Other important countries in this hemisphere have participated in new programs to assist the Caribbean Basin. Specifically, Canada, Mexico, Venezuela, and Colombia have joined with the United States in a multilateral action program to restore stability and prosperity to the Caribbean Basin. Mexico and Venezuela have contributed to this effort through a "joint oil facility", under which these governments extend minimum interest loans to the nations of the Basin from funds stemming from their sales of energy products in the region. Canada has pursued major increases in its foreign assistance to the area and important increases in its on-site trade and investment counselling. Colombia initiated a technical assistance program in the area and plans to increase its financial contributions and ultimately to implement concessionary trade policies.

The Caribbean Basin Economic Recovery Act

The Caribbean Basin Economic Recovery Act was approved by the Congress in July and signed by the President on August 5. Earlier Congress had approved supplemental financial assistance, which was a part of the President's original proposal.

The centerpiece of the legislation is a temporary extension of one-way, duty-free access for the Caribbean nations. Duty-free treatment is to be extended on all products with the exception of textiles and apparel, footwear, petroleum, leather apparel, and canned tuna fish. The granting of duty-free access will be uninterrupted for a period of 12 years. The program will be a significant improvement for the Caribbean countries over their current access either on a most-favored-nation basis or under the Generalized System of Preferences. While approximately 80 percent of Caribbean Basin non-petroleum exports currently can enter the United States duty-free, many potential Caribbean Basin exports are denied duty-free treatment. Further, the legislation provides a security of access not otherwise provided for under GSP. For example, there will be no annual review of product coverage.

On the other hand, American business interests are protected by a safeguard mechanism which mirrors current U.S. import relief laws but improves upon those mechanisms in several respects. The one-way free trade scheme includes a rule-of-origin provision which will allow more products to meet the local content criteria but will not encourage assembly and other "passthrough" types of commercial enterprises.

Duties on textiles and apparel products will not be reduced to zero under the free trade arrangement. The decision to leave these duties unchanged came in the context of the renegotiation of the

international Multifiber Arrangement (MFA) which establishes a global trade regime on textile products. The global textile regime, organized as it is on the basis of bilateral quantitative limitations, could have been disrupted if a major importing nation had extended duty-free treatment for a single regional grouping. However, the President is committed to providing the Caribbean Basin more favorable treatment for their textile and apparel exports. This can be accomplished while remaining with the parameters of our current textiles agreement program.

The free trade program also places a ceiling on duty-free entry of sugar for so long as the United States is protecting the domestic sugar price through a support program mandated by Congress.

The Act also provides for the deduction by U.S. taxpayers of business expenses incurred in connection with attending a convention in a beneficiary CBI country. This benefit will be extended only to those countries which enter into an agreement with the United States to exchange tax information. This important tax incentive should help to promote and revitalize the tourist industry throughout the Caribbean and Central America. Many countries already have a well developed infrastructure for tourism, while others have enormous potential as convention sites. In both instances, the convention deduction should greatly improve the local economy.

Puerto Rico and the Virgin Islands

The initiative also includes a series of measuring to support the efforts of Puerto Rico and the Virgin Islands to play a dynamic role in the Caribbean region, as well as to assure that the Initiative is not harmful to the development goals of these U.S. possessions. One example of such a measure is the guarantee of a rebate of all excise taxes collected on imported rum to Puerto Rico and the Virgin Islands. In this manner, duty-free treatment for Caribbean Basin rums would not affect revenues of our possession governments which are derived from the rebate of rum sales in the United States. The CBI includes provision for the liberalization of duty-free treatment for Virgin Island's exports to the United States.

Benefits for U.S. Business

Rather than threaten U.S. business, the CBI provides important new trade and investment opportunities to the U.S. private sector. The United States is already the most important trading partner for nearly every Basin country. American firms supply over 50 percent of total imports in some countries. Currently our major exports to the Caribbean Basin are transportation equipment, electrical and industrial machinery, chemicals and other manufactured goods. Regional trade has risen rapidly in the past. Economic recovery in the Basin countries will once again open new markets for U.S. products. Given our strong trade position throughout the Caribbean Basin, U.S. companies can expect to fill a large part of the region's rising demand for imports.

The CBI will also generate opportunities for direct investment by U.S. firms for joint ventures, subcontract manufacture, licensing, and other types of off-shore operations.

The trade and tax elements of the President's program were developed in close consultation with the governments of the region, and with the private sectors and labor movements represented in each of the countries. Of equal importance has been the input of U.S. entrepreneurs with experience in this region. Both groups contributed greatly to the choice of specific program elements. While there has been some disappointment that even more far-reaching policy initiatives were not undertaken, there has been a strong positive reaction from the public and private groups who are the targets of this program's incentives.

3. The Designation Process

Section 212(a) of the Caribbean Basin Economic Recovery Act authorizes the President to designate any of the 27 eligible countries or independent political entities as beneficiaries. At the time the delegation visited the region, the following countries had been designated:

Barbados
Dominica
Dominican Republic
Costa Rica
Jamaica
Netherlands Antilles
Panama
St. Christopher-Nevis
St. Lucia
St. Vincent and the Grenadines
Trinidad and Tobago

This list includes all of the countries visited by the delegation, with the exception of Grenada. On December 30, after the delegation returned from the region, the Administration announced a second list of designees. The additional countries are Antigua and Barbuda, Belize, El Salvador, Grenada, Guatemala, Haiti, Honduras, Montserrat, and the British Virgin Islands. Both groups of countries became eligible for duty-free treatment as of January 1, 1985.

The Caribbean Basin Economic Recovery Act is similar to Title V of the Trade Act of 1974 (the authority for the Generalized System of Preferences) in that a beneficiary (Caribbean Basin) country must be specifically designated by the President for it to receive the trade and tax benefits provided for in the legislation. The CBI also shares with the GSP legislation a listing of economic and other criteria that the President is directed to take into account in designating beneficiary countries. The "mandatory" criteria in the CBI are virtually identical to those in the GSP statute, but the discretionary criteria enumerated in the CBI are more numerous and more varied in objectives than the listing in the GSP.

The Administration chose to require of each potential beneficiary a concise written presentation of its policies and practices directly related to the issues raised by the criteria listed in the Act. Where a country had in effect measures which were inconsistent with the objectives of the designation criteria, the Administration sought assurances that such measures would be progressively eliminated or modified in order to respect the intent of the Congressionally-mandated criteria.

The designation process was initiated last August through visits by delegations of Administration representatives from USTR, State, Treasury, Agriculture, and Commerce. All eligible beneficiary countries have been visited with the exception of the Grand Cayman Islands which indicated it was not interested in designation, and Guyana. During the initial visit, the U.S. team explained the purpose of the CBI program and the designation criteria. Each Government was asked to submit a letter requesting designation

and stating the ways in which it complied with the designation criteria. The designation teams explained to the host Governments that the Administration would review the draft letters, inform Governments of areas in which the letters appeared to be deficient and if necessary make return visits to host countries to assist in the preparation of final drafts. Where appropriate, the Administration asked countries to provide specific, detailed statements of steps they would take to deal with particular problem areas, such as the protection of intellectual property rights in the Dominican Republic, where there has been a high incidence of book piracy, or the problem of unauthorized government broadcasting of U.S. copyrighted films and television programs in Jamaica.

Throughout the designation exercise, the Administration's overriding concern has been that potential beneficiary nations understand the purpose of the designation criteria and make a sincere commitment to comply with the criteria. For this reason, the Administration asked all beneficiary countries requesting designation to provide a detailed statement of the ways in which their governments are in compliance or will make efforts to comply with both the mandatory and discretionary designation criteria, and to include a statement indicating their understanding that their beneficiary status can be suspended or withdrawn if the President determines that they are no longer in compliance with the designation criteria. The Administration also requested that all potential beneficiary nations agree to notify and consult with the United States in the event they institute changes in government policies or practices which may be inconsistent with the designation criteria.

Although the country designation letters do not represent formal international agreements between the U.S. Government and beneficiary nations, such commitments should enable the Administration to effectively ensure that beneficiary countries live up to the spirit and substance of the designation criteria.

The following are the country designation letters from four of the countries visited, as well as those of the other Eastern Caribbean states whose leaders met with the delegation in Barbados.

DOMINICAN REPUBLIC

[Official English Translation]

SANTO DOMINGO,
THE DOMINICAN REPUBLIC,
November 11, 1983.

Hon. GEORGE P. SHULTZ,
Secretary of State of the United States of America.

Ambassador WILLIAM E. BROCK,
Trade Representative of the United States of America.

DISTINGUISHED SECRETARY SHULTZ, DISTINGUISHED AMBASSADOR BROCK: It is my pleasure to submit, through your good offices, the enclosed document for the consideration of your Honorable Government, so that His Excellency, the President of the United States, Mr. Ronald Reagan, will deem it appropriate to designate the Dominican Republic as a beneficiary country of the Caribbean Basin Recovery Act.

Enclosed is an official English translation of this document, which has been approved by the Government of the Dominican Republic.

Thanking you in advance for your attention I take this opportunity to express again to you my highest regard.

Sincerely,

Dr. JOSE AUGUSTO VEGA IMBERT,
Secretary of State of
Exterior Relations of the Dominican Republic.

For the following reasons the Government of the Dominican Republic believes that it has satisfied the criteria listed in Section 212(B) of the Caribbean Basin Economic Recovery Act.

(1) In accordance with its Constitution, the Dominican Republic is a country with a republican, democratic and representative civil government.

(2) The Dominican Republic does not have a policy of expropriation, nationalization, or any other form of unilateral possession of property. Dominican law allows nationalizations in the public interest. However, in consequence of the affirmation of property rights in the Constitution, and according to its requirements, nationalization can not legally take place without previous payment of a fair value of the property as determined by an appropriate tribunal. We are not aware of any complaints concerning nationalization involving United States citizens or companies which can be included under the provisions of Section 212(C)(2) of the Act. Nevertheless, the Dominican Government will consider any complaint which might be presented, and, to this end, the Embassy of the United States in our country should inform us at the first opportunity if there are any pending cases.

(3) As for arbitral awards in favor of United States citizens or entities, there are no instances in which our government has failed to act in good faith in recognizing as binding or in enforcing such arbitral awards.

(4) The Government of the Dominican Republic does not concede preferential treatment to the products of developed countries to the detriment of its trade with the United States.

(5) No government-owned entity in the Dominican Republic engages or will engage in the broadcast of copyrighted material, including films or television material, belonging to United States copyright owners without their express consent.

(6) The Dominican Republic is one of the countries which, through its police and security forces, cooperates most effectively with the United States in the prevention and prosecution of the crimes related to the illegal traffic of narcotics and other controlled substances. This cooperation will be continued.

(7) An extradition treaty between the United States and the Dominican Republic has existed since 1909 and entered into force on August 2, 1910. It has been applied normally and without inconvenience for both of the contracting parties.

For the following reasons the Government of the Dominican Republic believes that it is observing policies and practices which are in conformity with the designation criteria listed in Section 212(C) of the Caribbean Basin Economic Recovery Act.

(1) The Dominican Republic wants to be designated as a Caribbean Basin Initiative (C.B.I.) beneficiary, and this letter constitutes proof of this desire.

(2) Our country, in view of its economic conditions, the living standards of its people, and other economic and social factors expressed in the principal statistical indicators of various international and national sources recognized by the Government of the United States, is a developing country which needs the benefits of the CBI.

(3) The Dominican Republic maintains an open nondiscriminatory trading regime which does not unduly restrict trade with the United States. Limitations relative to market access for foreign products are not discriminatory against any country, and represent a temporary and limited ban on the importation of certain products due to a severe balance of payments situation. The total value of these bans does not exceed 8 percent of our total imports, and their duration, which was recently extended for four months, was originally one year. When the bans expired in August 1983 and were extended until December, the list of prohibited imports was reduced. The several exclusions were food products. Recently, in view of the persistence of balance of payments problems due to the lack of improvement in the prices of our traditional exports, other measures have been taken. In principle, these will remain in force until 1984. The Government of the Dominican Republic will notify the United States Government on a reciprocal basis with regard to the introduction, intensification, extension, and modification of any trade measure taken in response to balance of payments problems or to protect infant industries. Whenever feasible, the Government of the Dominican Republic will inform the United States Government of a time period for eventual removal of such measures as quickly as economically practicable. The Government of the Dominican Republic agrees to implement such measures with great caution and not to maintain such measures any longer than is necessary. The Dominican Republic also wishes to assure the United

States that it will not restrict equitable and reasonable market access to its basic commodity resources.

(4) The Dominican Republic signed the General Agreement on Tariffs and Trade (GATT) in 1950. Since that date there have been no known instances of violation of GATT regulations.

Also, in respect to the multifiber agreement, our country has signed a bilateral agreement with the United States, the negotiation and implementation of which have been favorable to both sides.

(5) The Government of the Dominican Republic will exercise caution in the development and implementation of policies to promote exports in order to avoid conflict with United States countervailing duty laws, and will continue its efforts to make such measures compatible with these laws.

The Government of the Dominican Republic agrees to consult with the United States, on request, if the United States believes that any trade promotion practice of the Dominican Republic has a trade distorting effect.

The Government of the Dominican Republic, reserving the right to introduce export promotion measures, agrees to avoid the introduction or intensification of measures which could be subject to countervailing duties.

In the view of the Government of the Dominican Republic, there are no mechanisms in the Dominican Republic which can be interpreted as investment performance requirements which distort trade. However, it has been agreed that in the event there should be any future questions in this regard, United States and Dominican representatives will hold conversations to study and evaluate such requirements, with a view toward the elimination of practices agreed to be trade distorting.

(6) The Dominican Government recently sought observer status in CARICOM. However, since unanimous approval is needed, one country, for political reasons, barred this access through which the Dominican Republic had sought to participate in the system of regional integration. Nevertheless, we maintain bilateral trade agreements with the Republic of Haiti and Costa Rica and agreements with the Central Banks of Costa Rica and El Salvador. As a result of the visit of His Excellency Edward Seaga, Prime Minister of Jamaica (September 6–8, 1983), negotiations for a package of agreements on trade, reciprocal credit, tourism, air and maritime transport, and cultural exchange have been initiated. These measures are directed towards the strengthening and the revitalization of inter-regional trade.

(7) The Dominican Government has taken severe austerity measures to confront the very difficult international situation caused by the worst deterioration of its terms of the trade in the last fifty years. The Government has reduced the salaries of its employees while increasing their working hours. It has established new taxes while reducing expenditures, and has increased interest rates to make them competitive with international rates. All of this has brought about, in the first year of the government, a substantial reduction in the public sector deficit and in the current account deficit of the balance of payments. With regard to the external sector of the economy, the Dominican authorities reached a three

year credit agreement with the International Monetary Fund to make maximum use of the resources of that institution. Government priorities in promoting development coincide, both in timing and substance, with the new opportunities offered by the CBI, since these priorities seek to accelerate growth of the industrial free zones, tourism, agro-industry, mining, and foreign investment in general, precisely the areas which can best take advantage of CBI benefits. The Government anticipated the passage of the CBI by taking measures to stimulate the free zones, presenting to the National Congress, one year ago, amendments to make the free zone law more dynamic. These amendments are now law. In addition, the Government announced a policy of sponsoring new industrial free zones totally owned by the national or foreign investors who would conceive and promote them. The resources of the Central Bank of the Dominican Republic are available for soft loans for the construction of the infrastructure of these new industrial free zones. These resources are equally available to provide soft financing for new factories established in free zones. Tourism, which would benefit from the CBI through the tax treatment of conventions, has been stimulated through a decree which practically eliminates the requirement of presidential approval for acquisition of land in tourism areas by foreigners, and the currency exchange policy has been modified so as to favor foreign tourists, including their purchasing of property in the country. Agro-industry, which will benefit from the CBI through access to the U.S. market, has been stimulated by the agro-industry law and regulations and by the government's declaration of its policy of promoting joint ventures such as have already happened in cases such as pineapples, cotton, and African palms, in which the state is participating either by renting land or as a shareholder.

As for mining, after 12 years a new decree has permitted private industry, foreign or domestic, to request permission to explore and exploit mineral and petroleum resources.

In regard to legal treatment of foreign investment, the Government asked the American Chamber of Commerce to suggest needed amendments to the law. These were converted to a bill sent to the Congress by the President and were approved.

In addition, the President has created, by decree, a Foreign investment Promotion Commission made up of representatives of both the public and private sectors.

(8) The Dominican working class enjoys satisfactory working conditions. In this respect, we can say that the Dominican Republic maintains a high level in comparison to other countries at the same level of development.

The Government of the Dominican Republic is aware that our labor law can be improved and made to meet requirements which would make it more efficient, and will make the necessary efforts with the Honorable National Congress to speed up consideration of the draft labor laws which have been submitted for this purpose by the Government of National Concentration. These efforts will include insuring the protection of employees from dismissal because of union organizing activities.

It is true, however, that there are some long-standing deficiencies involving Dominican and foreign workers engaged in cutting sugar

cane. Nevertheless, it is a recognized fact that, since taking office in August 1982, the present Dominican administration has initiated significant programs to improve work conditions, in all respects, of workers in the sugar industry, among which the following can be listed:

(a) In regard to the importation and use of manual labor from the Republic of Haiti, an annual contract between the State Sugar Council (CEA) and the Government of Haiti was signed, including the following: 1. Selection of the agricultural workers by Haitian authorities. 2. Reception and individual contracting in the frontier city of Jimaní in observation of all the legal procedures of immigration and relevant health controls. 3. Transportation in private buses contracted on the agricultural laborers' account, and distribution of the workers to the sugar mills. 4. Provision of free food during the entire process of reception and transportation and during the days previous to the beginning of work on the cane fields. 5. Situation, transportation and repatriation to their homes of all agricultural laborers with all the conveniences and provisions mentioned above, including, in addition, the equal exchange (One D.R. Peso equals One U.S. Dollar) of savings from the wages of said workers and an additional US Dollars 55 as a gratuity. During the present 1982–83 fiscal year, 18,885 of the 19,000 contracted agricultural workers were repatriated, that is 99.2 percent—the rest are pending repatriation because of illness or other reasons.

(b) Beginning with the next harvest, officials of the State Sugar Council will take steps, with the agreement of Haitian workers on their arrival at the border, to choose the destination of the workers and thus avoid frequent migrations from one sugar mill to another, which cause serious operating problems.

The National Police Forces, with the establishment of new controls, will see to it that the workers who wish to leave their work in the mills can do so without any impediments, in particular those that may come from private security forces. Such workers may be subject to deportation but they have not been nor will they be forced to remain in the fields.

(c) With the objective of taking concrete steps to improve living conditions in the approximately 250 sugar camps of the CEA, a program of environmental improvement was completed at the end of last year that included 728 new latrines, the painting of some 7,000 houses, the reconstruction of a residential camp and of 26 infirmaries, and the provision of drinking water to some 40 camps. Further improvements will be made during 1984 to provide running water, cooking facilities, latrines, showers, housing and medical care.

(d) Concerning nutrition, food and the increase of buying power of CEA workers, a program of sales of staple commodities at controlled prices has been implemented. In the same way, a program of cultivating basic food products on 23,000 tareas (3574 acres) of CEA land has been initiated. These products are grown and sold at far below market prices.

(e) With the purpose of improving the working conditions, and the protection of the worker in all his activities, the acquisition of industrial safety equipment valued at more than DR Pesos

1,000,000 has been arranged, as well as the purchase of 8 new equipped ambulances worth more than DR Pesos 300,000.

(f) All of the actions mentioned above, undertaken in the brief period of one year, will be strengthened and systematized based upon the results to be obtained from a "Socioeconomic Plan" that is currently being elaborated by a national institution at a cost of DR Pesos 400,000. This Plan includes a diagnosis and detailed progam of projects to be undertaken to improve the quality of life of the worker and of all the inhabitants of the sugar camps. In addition, the State Sugar Council has created a department of social affairs which is working hard to improve living conditions in the sugar camps. This department will receive and implement the recommendations of the plan which the previously mentioned organization is preparing.

(g) It should be noted, finally, that these actions programmed and undertaken for the betterment of the socioeconomic conditions of the cane workers have been accompanied by an attitude of openness to dialogue with the representatives of labor and the workers within a climate of high respect and consideration for the human dignity of the worker. In this way, the current management has dedicated all the hours asked by the labor representatives to listen to their petitions and to look for solutions to them within the framework imposed by the tight fiscal constraints of the firm.

In their work, the cane cutters act with complete autonomy of scheduling. They begin their work very early to avoid the hottest hours of the day, stay in the fields to prepare their meals, and later return to work in a cooler time of the afternoon. They are not obliged to stay at their workplace for the entire day.

The provision of the current contract calling for a break during the day and Sunday off is being honored and will be more rigorously enforced by sugar mill supervisors. Since for reasons of efficiency it is desirable to keep the grinding going seven days a week, the contract may be changed to vary the weekly day of rest. The day of rest will be set by mutual agreement of all parties.

Also, it should be pointed out that many Dominican plantations offer extra incentives to the cutters in order to accumulate enough cane over the weekend to ensure continuity of grinding during the first days of the following week, and thus to substitute for the deficit of cut cane arising from the absenteeism which occurs on Mondays. This absenteeism is also experienced when workers accumulate some savings and abandon cane cutting. This and other facts show that no policy of forced labor exists.

The cane cutter is able to earn the minimum wage of DR pesos 3.50 in an eight hour shift during his work day. Statistics of the Dominican sugar companies show that even in the case of the worst cutter, a harvest of at least 1.5 tons per 8 hour shift is attainable, which at a value of DR pesos 2.33 per ton, represents at the very least the minimum wage indicated by law. It is usual for effective cane cutters to be able to cut 2 or 3 tons in each shift. Wages are paid biweekly. Any payments will be withheld only by agreement between an employer and a contracted worker.

Regarding the weighing of cane, the harvest boss is always present during the weighing, and one member of each team of cutters accompanies the cart to the weighing station to oversee the ac-

curacy of the operation. In the next harvest, the government will provide inspectors, helped by worker representatives, who will oversee the cane weighing process.

As for the system of payment, this is being restructured to guarantee a system which is efficient and direct to the worker. Finally, our labor legislation sanctions labor freedom, or the right of workers to form unions, as well as the rights of unions to conclude collective bargaining agreements on working conditions with employers. These rights are also applicable in the industrial free trade zones.

(9) The Government of the Dominician Republic states that in accordance with its laws it provides adequate and effective means for foreign nationals to secure, exercise and enforce exclusive rights in intellectual property, including patents, trademarks, and copyrights. In order to strengthen this protection, the Government of the Dominican Republic additionally declares the following:

(a) The Government of the Dominican Republic will give full assistance to U.S. publishers and their foreign subsidiaries and licensees in bringing criminal actions against persons and entities in the Dominican Republic who are reprinting or copying the publishers' works without permission of such publishers, and causing or contributing to same in accordance with Dominican law and the Universal Copyright Convention (UCC) done at Paris July 24, 1971. The Government of the Dominican Republic believes that the current Dominican copyright statute, the Convention on Literary and Artistic Copyrights signed at Buenos Aires August 11, 1910, and the UCC currently give United States publishers standing and right to successfully (upon proof of piracy) bring criminal actions against such reprinting or copying of books authored by nationals of, or first published in, UCC countries whether or not the books and publishers' contracts have been registered, and including books first published before the date of accession to the UCC by the Dominican Republic. The Government of the Dominican Republic will support pretrial seizure of pirated books and plates based on a complaint filed with the Attorney General or other competent prosecuting authority. Also, the Government of the Dominican Republic believes that in accordance with the UCC, no bonding or other procedural conditions should be imposed on foreign copyright holders which are not equally applicable to Dominican nationals, or which hinder prompt and fair prosecution.

(b) The Government of the Dominican Republic states that, in order to fulfill Article I of the UCC, it plans to introduce in the next legislative session a copyright bill which is currently being drafted and will support the passage of the bill in the Congress. Said bill will make book piracy unlawful and subject to both civil and criminal prosecution. The draft law will include the protections specified in the preceeding paragraph and provide severe monetary and penal sanctions, as well as provisions allowing the judge to restrain the continuation of piracy during the trial. The draft law will not require any arbitration or conciliation proceeding before prompt and full prosecution.

(c) The Government of the Dominican Republic is taking measures to prevent the export of copies of pirated works.

(d) The Government of the Dominican Republic, upon request of the United States and without prejudice to enforcement procedures mentioned above, will promptly provide information concerning reports of piracy.

(10) It is the policy of the Government of the Dominican Republic to support strongly the United States owners of copyrighted materials in protecting against broadcast of such materials by stations in the Dominican Republic without the owners' express consent. The Government of the Dominican Republic already has undertaken actions with the aim of ensuring that Dominican broadcasters obtain permission of the copyright owners for use of their copyrighted materials. For example, the Government of the Dominican Republic is cooperating with the United States Government in arranging negotiations among the appropriate parties in order to expeditiously reach agreements providing such consent. The Government of the Dominican Republic has already held discussions with Dominican cable TV companies, which have expressed their willingness to negotiate agreements. Meetings between the latter and representatives of the United States Government were also arranged by the Government of the Dominical Republic and the process of negotiations is being expedited. In the event that there are complaints that Dominican firms are broadcasting without having obtained the necessary consent of the United States copyright holders the Government of the Dominican Republic will act to ensure compliance and if the compliance does not occur, the Government of the Dominican Republic will exercise its authority under the Dominican Constitution and legal system to see to it that such broadcasting does not continue.

(11) The Dominican Republic is prepared to cooperate fully with the United States in the implementation of the Caribbean Basin Economy Recovery Act.

The Government of the Dominican Republic understands that the Caribbean Basin Economic Recovery Act recognizes the authority of the President of the United States to withdraw or suspend the beneficiary status of previously designated countries. The Dominican Republic agrees to notify the United States in the event of changes in any of the policies or practices discussed above which might prove to be inconsistent with any of the designation criteria of the United States law. The Government of the Dominican Republic would be prepared to consult with the United States Government upon request concerning such changes.

COSTA RICA

PRESIDENCIA DE LA REPUBLICA
REPUBLICA DE COSTA RICA

San José, noviembre 14, 1983

Mr. George Shultz
Secretario de Estado

Señor
William Brock
Representante Comercial
Estados Unidos de América

Estimados señores:

Adjunto a la presente nos permitimos incluir la solicitud del Gobierno de Costa Rica para su designación como país beneficiario de la Iniciativa de la Cuenca del Caribe.

Hemos incluído el texto original y la traducción no oficial en inglés y español respectivamente.

Quedamos en espera de su respuesta,

Atentamente,

Lic. Carlos José Gutiérrez
Ministro de Justicia

Dr. Mario Carvajal H.
Ministro de Exportación e Inversiones

OFFICIAL TRANSLATION

The Government of Costa Rica has studied with great interest the Caribbean Basin Economic Recovery Act (CBERA), passed by the House of Representatives and Senate of the United States of America.

Convinced that our country has complied with the requirements stipulated in said Law, mandatory requirements as well as discretionary ones, the Government expresses its desire that Costa Rica be designated a "beneficiary country" for those purposes and following the procedures that the cited Law establishes. In addition, the Government announces its intention to cooperate with the United States of America in the administration of the requirements of the Law.

Within this framework, the Government of Costa Rica desires to put emphasis on the following points:

(Section 212(B)(1)) Costa Rica is recognized throughout the world as a country with a great democratic tradition. Respect for its democratic institutions and the repudiation of totalitarian-type systems have been fundamental characteristics of our country.

Costa Rica is a nation of laws. Our constitution guarantees to foreigners the same fundamental rights it authorizes to Costa Ricans. This protection is extended to citizens of the United States of America, and to incorporated companies or cooperatives, associations, and foundations in which nationals of the United States participate. The Costa Rican judicial authority enjoys a well-deserved reputation for its honesty and independence.

(Section 212(B)(2)) In order to maintain a favorable environment for investments in its territory by nationals or companies of the United States, Costa Rica provides effective means of asserting claims and enforcing rights with respect to investments, investment agreements, and investment authorizations.

Because it is a nation of laws, Costa Rica respects and has always respected exclusive property rights, among which are intellectual property rights, including patents, duly-registered trademarks and tradenames, and copyrights.

With respect to the J. Royal Parker claim against the GOCR, the Government agrees to continue negotiations in good faith to reach a just settlement or in the event the final determination is made by the Courts, the COCR will take prompt actions to carry out the decision.

With respect to the case filed by Rohm & Haas Co. in the Supreme Court of Costa Rica challenging the constitutionality of the transitory provision of Law No. 6867 declaring the herbicide propanil to be an article of public utility and therefore freely importable, the GOCR agrees to do the following:

In the event the Supreme Court upholds the constitutionality of the transitory provision, the GOCR believes that Rohm & Haas would have standing to present both administrative and judicial claims against the Government and to the extent the Rohm & Haas propanil patent is declared valid by the Courts, the GOCR believes Rohm & Haas claims would be valid. In the event that the courts rule favorably on such claims, the Government will pay the compensation awarded in the Court decision.

((B)(3)) Further, the Government of Costa Rica has acted, and will continue to act in good faith in recognizing as binding, or in enforcing, arbitral awards in favor of United States citizens or corporations, which have been made by arbitrators appointed for each case or by permanent arbitral bodies to which the parties involved have submitted their dispute.

((B)(4)) The Government of Costa Rica is neither granting, nor does it intend to grant any developed country preferential duty rates on imports into Costa Rica which have, or are likely to have, a significant adverse effect on U.S. commerce.

((B)(5)) Concerning rebroadcasting by Government owned entities, no entity owned by the Government of Costa Rica is engaged in, or would any such entity engage in, the rebroadcasting of copyrighted materials owned by U.S. citizens without the express consent of the copyright holders.

((B)(6)) Through the mechanism of international conventions and agreements between the police forces of both countries, Costa Rica participates actively in controlling the illegal entry into the United States of narcotics and other controlled substances.

((B)(7)) Since 1922, Costa Rica has maintained in force a Treaty of Extradition which is signed with the United States. Furthermore, on December 4, 1982, the Presidents of both the countries signed, in the city of San Jose, a new Extradition Treaty, which is pending ratification by the respective legislative powers.

The Treaty signed on December 4, 1982, is designed to modernize the extradition procedure of the old Treaty. As a point of departure, the new Treaty abandons the old system of an exhaustive enumeration of the crimes for which the requested State must grant the extradition request, by substituting a more general formula contained in the Second Article, First Clause, which states: "A offense shall be an extraditable offense if it may be punished under the laws of both contracting parties by deprivation of liberty for a maximum period of more than one year or by any greater punishment." With this provision, the old system, which made difficult, sometimes to the extreme, the extradition of certain criminals, came to be reformed. Another important point in the Treaty relates to the quality and precision with which the Treaty regulates both what is contained in the extradition request as well as the documents that must accompany it, making the clear distinction between the extradition application of a person who has not been sentenced and the extradition application of a duly-convicted person.

It is hoped that the entry into force of this new Treaty will facilitate substantially the extradition of those who have fled from the judicial authorities of both countries, which, by virtue of the norms of the old Treaty, had been seen as difficult.

(Section 212 (C)(1)) Costa Rica as stated above wishes to be designated as a beneficiary nation under the Caribbean Basin Initiative.

((C)(2)) Costa Rica is passing through an economic crisis which has resulted in a substantial contraction of the income of its citizens. A basic element in the solution to this crisis will be an increase in non-traditional exports outside of Central America. Costa Rica therefore will benefit substantially from the Caribbean Basin Initiative.

((C)(3)) Costa Rica has always been a country respectful of the norms and general principles of international economic law. Within the framework of international commerce, there has existed full adherence to the principles of free trade between countries, to effective commercial reciprocity, to the freedom of transit of factors of production and merchandise and the principle of non-discrimination in commercial matters. The foregoing purposes are dispositions of a constitutional nature that, because of their high place in the judicial hierarchy, form part of the guiding principles of the Costa Rican states.

Costa Rica maintains an open. non-discriminatory trading regime which does not unduly restrict exports of the United States or third countries. It provides equitable and reasonable access to its markets and basic commodity resources.

((C)(4)) Costa Rica is not a signatory of the General Agreement on Tariffs and Trade. Nevertheless, it has always respected the fundamental norms of international trade that the GATT recognizes.

Given the enormous compatibility between the internal legislation of the country and the norms of the GATT, the Government of Costa Rica intends to seek entry to the GATT.

It is worth pointing out that Costa Rica has unilaterally incorporated into its legislation in force the majority of the juridicial principles that GATT contemplates. The political Constitution guarantees equal treatment to foreigners, both in matters of fundamental rights as well as in economic rights. National legislation regulates and punishes the practices of "dumping," protects the principles of customs valuation established in the GATT, and requires the publication and application of commercial regulations that regulate import and export activities. There exists a regime that is developing protection for commercial trademarks and, in general terms, the customs formalities and taxes required for international trade transactions are those that are generally accepted, without coming to the point of converting themselves into non-tariff barriers. Customs legislation, within the context of the Central American Common Market, responds to the concept of a Customs Union, which is accepted by the GATT in its Article XXIV as one of the exceptions to the application of the most favored nation clause.

((C)(5)) The Government of Costa Rica has under review on a continuing basis its fiscal incentives related to exports with the objective of avoiding distortions in its international trade. The Government of Costa Rica agrees to discuss and consult with the U.S. in those cases in which the U.S. believes that any trade promotion practices of the GOCR have a trade-distorting effect. In the interim, the GOCR agrees not to increase the overall level of subsidies. The GOCR will also avoid the use of any performance requirements which would distort trade with the United States.

Currently, Costa Rica uses a system for the promotion of exports and foreign investment. Incentives provide the production and export of non-traditional goods, which require temporary assistance, in order to broaden the country's range of export goods.

With regard to alternative mechanisms of export incentives, the Government of Costa Rica considers that the incentives that should be chosen are those which would permit the creation of a real national structure for exports. The alternative incentives proposed by

the Ministry of Exports are the following: the simplification of administrative procedures, the rationalization of export levies, the improvement of financial services for the exporter, the improvement in efficiency and reduction in cost of loading and transport services, the adequate training of the national labor force, and the investigation by the State of potential products and markets for export.

The purpose of all proposed incentives is to take advantage of the country's comparative advantage in the production of certain goods, and to guard against artificial reduction in the sale price of exports, which would cause harm to the commercial interest of other countries.

((C)(6)) The Government of Costa Rica will continue to promote the objectives of the Caribbean Basin Initiative by pursuing trade policies with respect to other CBI beneficiary countries which will assist in a revitalization of commerce in the region.

((C)(7)) The Government of Costa Rica is undertaking great efforts to reactivate the national economy. During the past year special emphasis has been placed on the execution of the plan for economic stabilization, which includes the following basic points: normalization of the rate of exchange, moderation of inflation, cleaning up public finance, and reorganizing current financial relations.

The results of the plan are as follows:

The free-market rate of exchange has stopped its continuous fall.

During 1982, the wholesale and retail price indexes performed favorably, in conformance with the plan.

In the field of public finance, efforts are being made to cover the deficit by a tax increase and a reduction in expenditures.

Important advances have been achieved in rationalizing and restructuring of external debt.

The results of the program have been positive and have been recognized as such by various multilateral organizations (IMF, World Bank, Inter-American Development Bank) and the international financial community. Following this turn of events, the Costa Rican economy is immersed in a program of economic reactivation which, without disregarding central elements of the stabilization process, is intended to bring the economic activity of the country to normal levels of growth and well-being.

Policies and actions will include:

(1) Public Expenditures:

Growth should be minimal, taking into account the growth planned and achieved by the agricultural and industrial sectors.

Low priority programs should be canceled or postponed, in order to pursue investments closely related to the recovery, without disregarding the long term effects.

Should ameliorate the impact of the crisis on the sectors most affected.

(2) Taxation:

Unburdening of exports, so that export taxes on non-traditional exports will be eliminated in the fiscal 1984 budget.

Gradual and progressive elimination of exemptions in force and very strict criteria for the concession of new exemptions.

Rapid allocation of resources to the tax authorities to ensure efficient collection of existing taxes.

Elimination, from 1984, of charges on loading services.

(3) Prices of public services:

Procurement of external financing to extend the period of price adjustment in basic public services (water, electricity, fuel) delivered by public sector enterprises.

Not to authorize price adjustments without prior elimination of inefficiency and excess.

(4) Credit and banking:

Integration of credit activity of state banks with programs for stabilization, recovery, and development.

Initiation of institutional reforms responding to criteria of essentiality, simplicity, and economy in fixed expenses (building, machinery and equipment).

Guarantee competitive rates of interest that will stimulate investment and encourage saving in the medium and long term.

Establishment of financing programs to complement the resources of private business.

(5) Public administration:

Establishment of procedures to simplify and speed up paperwork involved in financial and banking services, export permits, customs services, etc.

(6) Evaluation and followup:

Execution by the GOCR Commission on Exports and Investments of thrice-yearly analyses of the evolution of the plan, based on quantitative indicators and following the execution of planned actions.

Quantitative indicators: Internal and external inflation; Exchange rate; Evolution of agricultural and industrial activity; Unemployment rate; Job creation in the private sector; Exports and imports; Internal and external rates of interest; Public expenditure and tax collection; Price of public services; Credit program.

Additionally, Costa Rica will pursue the implementation of specialized programs and policies to assure that the nation can derive maximum benefit from the Caribbean Basin Initiative. These will include:

An evaluation of the advantages and disadvantages possessed by Costa Rica in relation to other areas of the Caribbean to determine the country's advantages in its areas of interest.

Coordination of a program of incentive for investment and export, based on the advantages afforded by the CBI.

Identification of the industries and firms of maximum interest to the country, or which could receive maximum benefit from the CBI.

Programs to promote the advantages offered by Costa Rica in comparison to other countries in the Caribbean, oriented

toward those industries and firms identified in the previous point.

Programs to make known at the local level the advantages for Costa Rica of the CBI.

In coordination with MINEX, creation of an Office of Information for the investor needing orientation about everything related to the CBI.

((C)(8)) Costa Rica bases its labor legislation on the existence of a Labor Code which regulates these matters in an integrated form. This Code was promulgated in 1943 and it regulates, among other things, everything relating to the labor contract, to collective conventions, to hours of labor, to salaries and days of rest, that which refers to the protection of the worker during the fulfillment of his functions, to the various organizational possibilities on the part of the workers, to those so-called conflicts of an economic-social character, whether they be strikes or work stoppages, as well as that referring to a specialized jurisdiction of the labor tribunals which have their own judicial and exclusive regulations and procedures relating to labor matters.

On the other hand, there is currently a legislative proposal to reform and modernize, in certain aspects, the cited Code. The existence in Costa Rica of labor legislation with wide protection of the rights of the workers, as well as those of the owners in a just and balanced manner, constitutes one of the basic pillars of Costa Rican democracy.

There exists in Costa Rica as well another series of additional regulatory mechanisms with a healthy balance in owner-worker relations. For example, the National Salary Board is in charge of making periodic revisions in the salaries in the various areas of work, adjusting them, when necessary, with the purpose that they signify a true and honest compensation for work, on one hand, without being a burden that puts obstacles in the way of productive production, on the other hand.

Apart from the cited Code which, along the lines that have been indicated, covers labor matters in an integrated manner, there exists a series of regulations and guidelines of specific character relating to work conditions, use of work implements and tools, the application and control of which is the responsibility of the Ministry of Labor.

It is worth pointing out that, within the labor legislation, there has been created a special Labor Jurisdiction (judicial mechanism) in which owners and workers may, in an expedited manner, make claims for the protection of rights that they have. Along the lines that have been indicated, the procedures and regulations are specialized and characterized by great speed and little formality, with the intention of protecting, above all, the legitimate rights of workers and employers.

((C)(9)) The GOCR agrees to take all steps within its authority to provide under its laws adequate and effective means for foreign nationals to secure, exercise and enforce exclusive rights in intellectual property, including patents, trademarks and copyrights.

To insure that the laws of Costa Rica provide adequate and effective patent protection in order to stimulate new investment in areas in which Costa Rica has a natural competitive advantage,

augmented by the duty-free benefits under the Caribbean Basin Initiative, the GOCR will introduce legislation to amend Article 17 of Law No. 6867 to provide that all patents granted by the Government shall be valid for a term of 12 years.

((C)(10)) The GOCR will ensure that any broadcasting by Costa Rican nationals of U.S. copyrighted material will occur only with the express consent of the copyright owners. The GOCR and the United States will cooperate in arranging negotiations among the appropriate parties in order to reach expeditiously agreements providing such consent.

((C)(11)) The Government of Costa Rica will cooperate fully with the United States in the administration of the provisions of the Caribbean Basin Economic Recovery Act related to the granting of duty-free access to the U.S. market.

The Government of Costa Rica understands that the Caribbean Basin Economic Recovery Act recognizes the authority of the President of the United States to withdraw or suspend the beneficiary status of previously designated countries. Costa Rica agrees to notify the United States in the event of changes in any of the policies or practices discussed above which might prove to be inconsistent with any of the designation criteria of the U.S. law. The Government of Costa Rica would be prepared to consult with the USG upon request concerning such changes.

JAMAICA

JAMAICAN FOREIGN SERVICE,
Kingston, November 10, 1983.

Ambassador WILLIAM BROCK,
U.S. Special Trade Representative,
Washington, D.C.

DEAR AMBASSADOR: On behalf of the Government of Jamaica, I have the honor to refer to the legislation of the United States of America entitled "An Act to Promote Economic Revitalization and Facilitate Expansion of Economic Opportunities in the Caribbean Basin Region" and to welcome this major historic initiative.

Noting that Jamaica is listed among the countries which are eligible to be accorded the status of a Beneficiary Country, and in expressing the desire that Jamaica be so designated, the Government of Jamaica in presenting this statement of policy wishes to assure the Government of the United States of America that Jamaica fully meets the criteria set forth in the Act for that status.

A constitutional monarchy and parliamentary democracy, Jamaica has entrenched provisions under section 28 of its Constitution which expressly prohibit compulsory acquisition of property of any description, except under provisions of law prescribing principles of compensation and affording a right to access to court by any person claiming an interest in the property. This is of general application extending to treatment of aliens within the domestic jurisdiction and the right to compensation fully reflects general principles of customary international law. In addition the Government of Jamaica firmly adheres to observation in good faith of arbitral awards which are binding on the parties submitting the disputes to arbitration.

My Government wishes to convey the further assurance that as a Contracting Party to the General Agreement on Tariffs and Trade, Jamaica is committed to the fundamental principle of non-discrimination in international trade and follows the accepted rules of international trade laid down by the General Agreement. In keeping with the recognized policy of the Contracting Parties which under the Enabling Clause accepts the principle of non-reciprocal preference by developed countries in favour of developing countries, Jamaica does not accord any form of preferential treatment to the products of any developed country.

The Government of the United States may also be assured that consistent with Jamaica's obligations under the General Agreement on Tariffs and Trade, as well as in terms of recognized principles of international law and relevant Resolutions of the United Nations, equitable and reasonable access to the Jamaican market and to the basic commodity resource of Jamaica remains open to all states on a reciprocal non-discriminatory basis. The Government of Jamaica will continue to act in conformity with its international obligations including observance of provisions under the General Agreement on Tariffs and Trade regarding procedures for consultations as well as for notification of any measures restricting trade. Further, Jamaica has accepted the 1979 Geneva Protocol and in the context of the Caribbean Common Market Treaty, has been studying the content of the Tokyo Round Agreements of the Multi-

lateral Trade Negotiations in conjunction with the other member states. It is also to be noted that Jamaica does not either directly or indirectly resort to policies which distort international trade and as part of its Economic Recovery Programme will continue to review its trade promotion policies to ensure that this remains the case. Furthermore, Jamaica's trade policies are positively directed towards the general liberalization and expansion on a global multilateral non-discriminatory basis of international trade. Of particular importance is the objective of fostering economic integration within the Caribbean Community and Common Market while also seeking to expand intra-regional trade within the Caribbean Basin with a view to revitalization of the region. The Government of Jamaica is prepared to consult with the United States Government if the United States Government believes that any trade promotion practices of the Government of Jamaica have a trade distorting impact. For such time as Jamaica continues to employ trade promotion devices which appear countervailable under United States law, the Government of Jamaica will not expand the overall level of its export subsidies. Finally, I wish to assure you that the Government of Jamaica is also avoiding the use of any performance requirements which would distort its trade with the United States.

On the subject of protection against infringement of copyright, the relevant Jamaican Statute is the Copyright Act 1913 which is of general application and enforceable against all, including Government-owned entities. Full observance of the provisions of the Act is naturally expected and required of the publicly-owned Jamaica Broadcasting Corporation at all times and effective measures have been instituted to ensure that they are complied with. The Jamaica Broadcasting Corporation will not engage in the broadcast of copyrighted material including films or television material, belonging to the United States copyright owners without agreement between Jamaica Broadcasting Corporation and United States copyright owners. Further, the Jamaican Government will take effective steps to ensure that private Jamaican broadcasters will also not engage in such broadcasts without such agreement. The Government has also decided to ratify the Universal Copyright Convention. In addition, the Patent Act, 1857 and the Trade Marks Act, 1958 provide adequate protection for the exercise and enforcement of exclusive rights in intellectual property. Jamaica also became a member of the World Intellectual Property Organization (WIPO) on 25th December, 1978. Redress through recourse to the courts accordingly provides an effective means of enforcement of copyright and protection of intellectual property rights. The Jamaican Government will provide, on a reciprocal basis adequate and effective means for the enforcement of intellectual property rights held by United States nationals.

The Government is strongly opposed to the international traffic in narcotics and other dangerous drugs. Jamaica is a party to the following International Treaties on Narcotic Drugs:

The International Opium Convention (1925)

Conventions for Limiting the Manufacture and Regulating Distribution of Narcotic Drugs (July 1931)

The Protocol Bringing Under International Control Drugs Outside the Scope of the Convention of July 1931 (November 1948)

The Single Convention on Narcotic Drugs (1961)

The Government of Jamaica is particularly disturbed about the illicit production in Jamaica of Cannabis Sativa (Ganja) to which the International Traffic has given rise over the years, and the International Trafficking through Jamaica of this and other illicit dangerous and other narcotic drugs such as Cocaine which pose a serious social threat. Under Jamaica's Dangerous Drugs Act, 1948, it is an offence for any person to produce import or export dangerous drugs without a licence. This Law provides stringent penalties and every effort is being made to enforce it rigidly. Regrettably, despite our best efforts and continuing invaluable assistance from the Law Enforcement Authorities of the United States of America the problem has not been eliminated.

It may be confidently stated, however, that improved techniques of enforcement, prevention and detection are offering the potential for more far-reaching results. The Government has for several years destroyed ganja cultivations, and seized, detained and destroyed ganja located in storage and in transit. It continues to do so. As recently as last September a very large cultivation on public land was identified and destroyed; and the detention and destruction of large quantities of ganja by the Security Forces is a continuing operation. The patrolling of our territorial waters is being maintained and other enforcement measures have also been instituted to the extent of available resources. Legislative action is being taken to strengthen control over the illegal use of domestic airstrips by drug traffickers. It is the firm intention of the Government of Jamaica to control the cultivation, trafficking and exporting of any illicit drugs produced in Jamaica, and to halt and reverse the illicit international trafficking in dangerous drugs and narcotic substances through Jamaica. The Government views the production of any illicit drugs and the development of this traffic with considerable concern and is determined to work towards their control and elimination.

The 1931 United Kingdom-United States of America Treaty for the extradition of fugitive offenders which was applied to Jamaica in 1935 governs extradition relations between our two countries and is due to be replaced by a new extradition treaty signed on 14th June, 1983, which will take effect when ratified by our respective Governments.

Section 23 of the Jamaican Constitution, in enshrining the protection of freedom of assembly and association, expressly provides that, except with his own consent no person shall be hindered from belonging to trade unions. Protection of the right of workers to organize and to engage in collective bargaining and the regulation of industrial relations are also provided for by the Trade Unions Act, 1919; The Labour Relations and Disputes Act, 1975; and the Employment (Employment and Redundance Payments) Act, 1974. Further, the Factories Act, 1943 lays down regulations for the purpose of ensuring the safety, health and welfare of persons employed in any factory.

In relation to the economic conditions and living standards in Jamaica as well as the measures being taken to promote Jamaica's economic development, my Government has instituted a major Economic Recovery Programme. The principal objectives is to regenerate economic growth through creation of a climate conducive to private initiative and enterprise by reducing central regulatory measures in trade, industry, and commerce and by vigorously reviving the market system. Among the most important elements are an export-led development strategy, intensive agricultural production under a special programme (AGRO 21), expansion of the manufacturing sector and the adoption of monetary policies aimed at mobilising savings and increasing availability of credit to priority sectors. The Government is also committed to limiting the role of the state in commercial activities and to rationalizing and reforming the institutional framework of the Public Administration to ensure greater efficiency. A three-year Public Sector Investment Programme has also been embarked upon. Both programmes are supported by the International Monetary Fund, the World Bank (IBRD), various donor countries and their agencies, and external commercial banks. This does not at all detract however from the essentially self-help character of these programmes which are directed to resuscitation of an economy which experienced negative growth over seven consecutive years to 1980.

The foundations of the export development programme are the phased elimination of quantitative import restrictions over a five-year period which will serve to stimulate domestic competition and increase efficiency in production; an export promotion programme focusing on non-traditional products; increasing availability of foreign exchange particularly to exporters of such products through a foreign exchange retention scheme for certain export earnings; and the preparation of action programmes for seven priority sub-sectors of manufacturing. The Export Development Fund is being expanded and its operating procedures simplified. In addition, steps have been taken to deregulate the external marketing of a number of important agricultural commodities, previously marketed exclusively by public sector commodity organisations. Efforts are also underway to facilitate export development by providing efficient and economic means of air cargo transport.

Major initiatives have been taken in the field of agriculture. There has been established an Agricultural Credit Bank which will increase the volume and flow of credit to this sector. Special tax incentives for agriculture including total relief from income tax in this sector, have been introduced. Of particular importance is the special programme—AGRO 21—for the restructuring and expansion of the agricultural sector as a crucial aspect of the overall structural adjustment of the economy. The programme will concentrate primarily on production, marketing (particularly of exports), and employment generation. The general objective is to modernize and rationalize the agricultural sector in order to increase its net contribution to the nation's output of goods, service and foreign exchange earnings. Specific targets include bringing a total of 200,000 acres of additional land into agricultural production by 1986/87, with emphasis on commercial viability and crop diversification in areas of high foreign exchange earnings and savings potential. It is

also expected to generate approximately 92,000 additional employment opportunities during the period.

Increasing private foreign investment in Jamaica is a vital objective of the Government. The Central Bank (the Bank of Jamaica) is the approving authority for foreign investment in Jamaica, while the Jamaica National Investment Promotion Limited was incorporated in 1981 as the public institution responsible for promoting investment projects and responding to investment enquiries. At the end of August 1983, after twenty-three months of its operations, a total of one hundred and sixty-five (165) investment projects have been implemented representing a capital commitment of $272.325 million with employment potential for 15,109 persons when in full production.

The investment policy of Government affords a wide range of liberal tax and non-tax incentives. It allows for remittance of profits and dividends, capital repatriation, payment of fees overseas, and acquisition of real estate in Jamaica by foreign investors. Local bank credit is fully available to resident companies while non-resident companies may have up to 25 per cent of their net worth. There is also the Kingston Free Zone which is an export centre for manufacturing, warehousing and distribution financed solely with foreign exchange. The Government of Jamaica accordingly welcomes foreign investment and keeps under constant review incentives and facilities for foreign investment with the aim of increasing the competitiveness of Jamaica as a market for foreign investment.

The balance of payments deficit and the consequent acute shortage of foreign exchange reserves have continued to be a major problem but one which the Government is determined to resolve. In this connection, policies are directed to a significant rationalization of scarce foreign exchange use towards imports of essential raw materials and capital goods. It is hoped that there will be improved access to foreign exchange through the recently introduced regime which permits the commercial banking systems to freely trade foreign exchange at rates freely determined by them. In addition, the system of import licensing has been substantially modified to reduce the element of bureaucracy and efforts are underway to similarly improve custom procedures to facilitate both importers and exporters. These measures are intended to lay the basis for implementation of the Government's policy of progressive elimination of the restricted list of imports and liberalization of the import regime. It should be stressed that the residual element of import licensing is not intended to be, and does not operate as a form of trade protectionism. It is wholly and exclusively a means of rationalization of scarce foreign exchange resources to ensure that they are available for the principal priorities.

The Government has so far managed to stimulate some resurgence in the economy with modest levels of growth, together with a reduction in inflation and in unemployment. This has been achieved against the background of international recession severely affecting Jamaica's principal export of bauxite and alumina. The Government has also had to meet a very high level of debt service but has done so in a creditable manner as the international financial institutions can confirm.

The Government of Jamaica expresses its willingness to cooperate fully with the United States of America in the administration of the arrangements under the Act in order to ensure that it operates to the mutual benefit of our two countries; and Jamaica is prepared to notify and consult with the United States in event of changes in any of the policies or practices discussed above which may prove to be inconsistent with any of the designation criteria of the United States law.

I have addressed a similar letter to the Honourable George Shultz.

Yours sincerely,

H. L. SHEARER,
Deputy Prime Minister and
Minister of Foreign Affairs.

BARBADOS

MINISTRY OF FOREIGN AFFAIRS,
MARINE HOUSE,
Barbados, September 30, 1983.

No. 1161 Vol. III.

Hon. GEORGE P. SHULTZ,
Secretary of State, Department of State, Washington, D.C., United States of America.

DEAR MR. SECRETARY: I should like to express the pleasure of the Government of Barbados at the passage by the United States Congress of the Caribbean Basin Economic Recovery Act, and to notify you that Barbados wishes to be designated as a beneficiary country for the purposes of the Act.

In presenting this notification, a Memorandum is attached hereto outlining Barbados' position with regard to the criteria required for designation as a beneficiary country as provided for in the Act.

Please accept, Sir, the assurances of my highest consideration.

NIGEL A. BARROW,
Acting Minister of Foreign Affairs.

[MEMORANDUM]

CRITERIA FOR DESIGNATION AS A BENEFICIARY COUNTRY AS PROVIDED FOR UNDER THE CARIBBEAN BASIN ECONOMIC RECOVERY ACT

The criteria for designation as a beneficiary country as provided for under the Caribbean Basin Economic Recovery Act as it applies to Barbados are set out hereunder:

SECTION 212

(B)(2)—Expropriation

Section 16(1) of the Constitution of Barbados expressly prohibits the expropriation or other like seizure of property of persons within Barbados.

The Section reads as follows:

Protection from deprivation of property

16. (1) No property of any description shall be compulsorily taken possession of, and no interest in or right over property of any description shall be compulsorily acquired, except by or under the authority of a written law, and where provision applying to that acquisition or taking of possession is made by a written law—

(a) prescribing the principles on which and the manner in which compensation therefor is to be determined and given; and

(b) giving to any person claiming such compensation a right of access, either directly or by way of appeal, for the determination of his interest in or right over the property and the amount of compensation, to the High Court.

(2) Nothing contained in or done under the authority of any law shall be held to be inconsistent with or in contravention of this Section—

(a) to the extent that the law in question makes provision for the taking of possession or acquisition of any property—

(i) in satisfaction of any tax, duty, rate, cess or other import;

(ii) by way of penalty for breach of the law or forfeiture in consequence of a breach of the law;

(iii) as an incident of a lease, tenacy, mortgage, charge, bill of sale, pledge, contract, grant, permission or licence;

(iv) in the execution of judgement or orders of a court in proceedings for the determination of civil rights or obligations;

(v) in circumstances where it is reasonably necessary so to do because the property is in a dangerous state or injurious to the health of human beings, animals or plants;

(vi) in consequence of any law with respect to the limitations of actions; or

(vii) for so long only as may be necessary for the purposes of any examination, investigation, trial or inquiry or, in the case of land, for the purposes of the carrying out thereon of work of soil conservation or the conservation of other natural resources or work relating to agricultural development or improvement; or

(b) to the extent that the law in question makes provision for the taking of possession or acquisition of—

(i) enemy property;

(ii) property of a deceased person, a person of unsound mind or a person who has not attained the age of twenty-one years, for the purpose of its administration for the benefit of the persons entitled to the beneficial interest therein;

(iii) property of a person adjudged insolvent or a body corporate in liquidation, for the purpose of its administration for the benefit of the creditors of the insolvent person or body corporate and, subject thereto, for the benefit of other persons entitled to the beneficial interest in the property; or

(iv) property subject to a trust, for the purpose of vesting the property in persons appointed as trustees under the instrument creating the trust or by a court, by order of a court, for the purpose of giving effect to the trust.

(3) Nothing contained in or done under the authority of any law shall be held to be inconsistent with or in contravention of this section to the extent that the law in question makes provision for the orderly marketing or production or growth or extraction of any agricultural product or mineral or any article or thing prepared for market or manufactured therefor or for the reasonable restriction of the use of any property in the interest of safeguarding the interests of others or the protection of tenants, licensees or others having rights in or over such property.

(4) Nothing contained in or done under the authority of any law shall be held to be inconsistent with or in contravention of this sec-

tion to the extent that the law in question makes provision for the compulsory taking possession in the public interest of any property, or the compulsory acquisition in the public interest of any interest in or right over property, where that property, interest or right is held by a body corporate established directly by law for public purposes in which no monies have been invested other than monies provided by Parliament or by any Legislature established for the former Colony of Barbados.

In this connection, the Land Acquisition Act, Cap. 228 provides for the acquisition of land for public purposes, and for compensation in respect of the compulsory acquisition of the land to be paid to the owner thereof. Compensation payable under the Act is determined by Agreement, or in default, by a Judge.

In this regard it should be noted that in June, 1982 Mobil Oil Exploration Barbados Limited offered its assets for sale to the Barbados Government, which were purchased at a price satisfactory to both parties.

(B)(3)—Arbitral Awards

The Arbitration Act, Cap. 110 makes provision for effecting the terms of Arbitration agreements entered by parties to submit present or future differences to arbitration, whether an arbitrator is named therein or not.

In addition, there is the Foreign Arbitral Awards Act 1980 which gives effect in Barbados to the New York Convention on the recognition and enforcement of Foreign Arbitral Awards as adopted by the United Nations Conference on International Commercial Arbitration on June 10, 1958.

(B)(4)—Reverse Trade Preferences

Barbados being a developing Country adheres to the principle of non-reciprocity with respect to trading with developed countries and does not give preferential treatment to the products of any developed country. Therefore the policy is not to enter into any such agreements with developed countries.

(B)(5)—Government Entity—Broadcasting of Copyrighted Material

No entity owned by the Government of Barbados is engaged in nor will it be engaged in the broadcast of copyrighted material belonging to international copyright holders without their express consent.

(B)(6)—Cooperation on Narcotics Matters

The concern of the United States Government about the serious problem of narcotics is fully shared by the Government of Barbados. Barbados has cooperated fully with the international community, and will continue to do so in its effort to deal with this threat to the well-being of the citizens of all countries, especially in the exchange of intelligence. To this end the Narcotic Drugs Act, Cap. 140A restricts the importation and exportation of narcotic drugs and the manufacture, sale, use and possession of narcotic drugs without authorisation.

Barbados has been particularly pleased with the technical assistance that the United States of America has given. This has enabled

Barbados to better combat the problem domestically and to contribute to international narcotics control efforts.

(B)(7)—Extradition

The treaty for the mutual extradition of fugitive criminals between Great Britain and the United States of America signed on December 22, 1931 is applicable to Barbados and is in force between the United States of America and Barbados. In this connection there is the Extradition Act 1949 which—

(a) provides uniform proceedings for the return of fugitives from other states irrespective of whether a fugitive is from a Commonwealth country or a foreign state; and

(b) adopts the principles relating to the rendition of fugitive offenders within the Commonwealth as formulated by the Law Ministers of the Commonwealth in their London Conference of 1966 and generally accords with current international practice regarding the return of fugitives.

212(C)(1)—Desire to be Designated

Barbados wishes to be designated as a beneficiary under the Caribbean Basin Economic Recovery Act.

TRADE

(C)(3)—Access to Markets

Barbados being a member of the Caribbean Common Market Treaty (CARICOM) offers duty-free treatment of goods originating within the Common Market Countries. However, as far as Third Countries are concerned, there is non-discriminatory access to our market. The Government's industrial and business policy encourages and promotes foreign investment.

(C)(4)—Acceptance of International Trade Rules

Barbados is a signatory to the General Agreement on Tariffs and Trade (GATT) and as such abides by the provisions of the Agreement. In this regard, Barbados adheres to the "most favoured nation" principle with the permitted exception relating to Common Markets such as the CARICOM. Barbados also subscribes to the principles of notification and consultation as perceived and practised by the Contracting Parties. In general, Barbados seeks to limit protective measures to tariffs. However, a licensing system is used to assist certain infant industries to establish themselves as well as to safeguard our foreign exchange reserves and our balance of payments position. Under the Tokyo Round Multilateral Trade Negotiations (MTN's) it was recognised that non-tariff measures had become a major obstacle to free trade. Consequently, a number of codes for the fair conduct of international trade were devised and agreed to by the Contracting Parties. Accession by Barbados to these codes is under active consideration.

(C)(5)—Export Subsidies, Performance Requirements, Local Content Requirements

At the present time Barbados provides no export subsidies and imposes no export performance requirements or local content re-

quirements on foreign or domestic manufacturers. Certain levels of local value added are required in order for a maufacturer to qualify for certain income tax and customs concessions under the Fiscal Incentives Act, Cap. 71A.

(C)(6)—Regional Revitalisation

Barbados is a full member of the Caribbean Community and Common Market and hence supports its aims and objectives. Barbados is convinced that CARICOM is the prime mechanism to promote economic development among its members and we are therefore committed to the deepening of the integration movement.

(C)(7)—Self Help

The main elements of our programme for promoting the development of the manufacturing sector, including promotion of domestic and foreign investment and the creation of a positive business environment in Barbados are noted hereunder—

The principal institutional framework is demonstrated by the presence of the Barbodos Industrial Development Corporation, the Barbados Export Promotion Corporation, the Barbados Development Bank, the Central Bank of Barbados, the Barbados Institute of Management and Productivity. These institutions work in harmony to stimulate, facilitate and undertake industrial development in Barbados.

The Barbados Industrial Development Corporation's (IDC's) main activities and programmes revolve around its investment promotion function which is undertaken from offices in Barbados, New York and Brussels. In its overseas promotion, the IDC sets out to attract foreign investors to Barbados by the offer of a special package of fiscal incentives including a ten year tax holiday. Local entrepreneurs are also eligible for fiscal incentives and benefit from special assistance which are provided, organised or financed by the IDC.

The IDC develops industrial estates and constructs factories and makes them available to investors for purchase, lease or rental. Nine Industrial Parks have been developed and approximately 1.6 million square feet of industrial accommodation has been constructed to date.

A highly targeted company specific approach to foreign investment promotion will be adopted shortly. A strategy study has identified electronics, medical supplies, information services and the apparel industry as the main industry groups for investment promotion.

Greater promotion of Barbados is being undertaken as an International Business Centre and for the establishment of Exempt Insurance Companies, Offshore Banks and Shipping Registration. The relevant Acts are as follows:

The International Business Companies (Exemption from Income Tax) Act, Cap. 77;
The Offshore Banking Act, 1979;
The Exempt Insurance Act, 1983;
The Shipping Act, 1981;
The Shipping Incentives Act, 1982.

The well developed infrastructure, especially the excellent telecommunication network, modern sea and air ports and good ground transportation services render the Barbados business environment a positive and healthful one for local and foreign businessmen.

(C)(8)—Workers Rights

Persons in Barbados are given protection of freedom of assembly and association by section 21 of the Constitution which states—

Protection of freedom of assembly and association

21(1) Except with his own consent, no person shall be hindered in the enjoyment of his freedom of assembly and association, that is to say, his right to assemble freely and associate with other persons and in particular to form or belong to political parties or to form or belong to trade unions or other associations for the protection of his interests.

(2) Nothing contained in or done under the authority of any law shall be held to be inconsistent with or in contravention of this section to the extent that the law in question makes provision—

(a) that is reasonably required in the interests of defence, public safety, public order, public morality or public health; or

(b) that is reasonably required for the purpose of protecting the rights or freedoms of other persons; or

(c) that imposes restrictions upon public officers or members of disciplined force.

The workers rights are further protected by the Trade Unions Act, Cap. 361, which in section 40A, deems as an offence any action by an employer adversely affecting the interest of an employee because of the employees trade union activities.

A high percentage of workers in both the private and public sectors are presently members of trade unions, and in general employers voluntarily recognise and negotiate with the accredited trade unions representing their workers.

Workers health and safety are protected by statute the most important of which are the Factories Act, Cap 347 and the Regulations made thereunder, the Shops Act, Cap. 356. The new and more comprehensive Factories Act, 1982 will, when proclaimed, repeal and replace Cap. 347.

Workers are also entitled to a fairly comprehensive network of social security benefits. Under the National Insurance and Social Security Scheme, the contributions are met jointly by workers and employers. Workers are entitled to sickness, maternity, employment injury and unemployment benefits and retirement pensions. A Severance Payment Scheme under the Severance Payments Act, Cap. 355A there is established a Severence Fund to which contributions are made by the employer to provide severence payments to workers who become redundant.

The Holidays with Pay Act, Cap. 348 requires that workers be granted three weeks vacation leave with pay annually, increasing to four weeks after five years service. Deduction from workers' wages is also regulated by the Protection of Wages Act, Cap. 351.

(C)(9)—Intellectual Property

The law of Barbados respecting patents and trade marks is presently to be found in the Patents Act, Cap. 314 and the Trade Marks Act, Cap. 319 of the Laws of Barbados 1971-1978. However by reason of modern technological advancement those statutes have now become inadequate and the Parliament of Barbados in an effort to bring the law of Barbados into accord with international standards enacted, in 1981 the Patents Act, and the Trade Marks Act, which will, when they come into operation on April 1, 1984, repeal and replace the aforementioned statutes. The law of copyright is contained in the Copyright Act, 1981.

The details requested are as follows:

PATENTS ACT (CAP. 314)

1. In accordance with section 47 of the Act the holder or assignee of a patent obtained in a country other than Barbados may obtain letters of registration in Bardados for his invention and those letters of registration have the same force and effect as letters patent issued under the act.

2. There is not time limit expressed within which a patent must be registered but where the applicant does not leave a complete specification with his application and does not deliver to the Registrar such a specification within nine months after his application the Registrar may extend the time of delivery by a further period of nine months and if no specification is then delivered the Registrar may treat the application as abandoned.

By section 20(1) of the Act a patent is valid for fourteen years and is by section 28(1) renewable for a further term.

3. There is no expressed provision in the Act to facilitate resolution of patent disputes or to discourage protracted litigation. However, it is provided by section 11 of the Act that any person who wishes to oppose an application for the grant of a patent shall give notice to the Registrar and the Registrar may require the person giving the notice to give security to an amount not exceeding one hundred and fifty dollars for the costs of the opposition.

In addition the High Court can also exercise its discretion to require security for costs. By section 35 of the Act it is provided that—

> Where any person claiming to be the patentee of an invention, by circulars, advertisements or otherwise threatens any other person with any legal proceedings or liability in respect of any alleged manufacture, use, sale or purchase of the invention, any person aggrieved thereby may bring an action against him and may obtain an injunction against the continuance of such threats and may recover such damage (if any) as may have been sustained thereby, if the alleged manufacture, use, sale or purchase to which the threats related was not in fact an infringement of any legal rights of the person making such threats.

4. By section 35(l) a person may be enjoined from threatening groundless legal proceedings and in this respect the High Court

also has inherent jurisdiction to put an injunction to prevent or prohibit an infringement.

5. The Act makes no provision for penalties.

TRADE MARKS ACT (CAP. 319)

1. Sections 15 and 16 of the abovementioned Act grant to a person registered as the properietor of a trade mark in Part A or Part B of the register in respect of any goods the exclusive right to the use of the trade mark in relation to those goods.

2. There is no time limit for the completion of the registration of a mark, but by section 12(3) of the Act where through the applicant's default registration is not completed within twelve months from the date of the application the Registrar may give the applicant written notice of the non-completion and unless the applicant completes the application in the time specified in the notice the Registrar may treat the application as abandoned.

By section 13 of the Act the registration of a trade mark is valid for a period of seven years, but may be renewed for a period of fourteen years from the date of the expiration of the original registation or last renewal of registration.

4. Any person who uses Royal Arms without authority may be restrained by injunction pursuant to section 48(1) of the Act.

In addition there is the equitable remedy of injunction available to the owner whose mark is infringed.

5. Section 47 of the Act provides a penalty of twenty-four dollars for false representations respecting trade marks.

PATENTS ACT, 1981

The purposes of the Act are—

(a) to protect certain inventions for which patents or other title of protection have been granted or applied for, so that the laws or Barbados will accord with its obligations under

(i) the Paris Convention for the Protection of Industrial Property dated March 20, 1983;

(ii) the Patent Cooperation Treaty done at Washington on June 19, 1970, as revised from time to time; and

(b) to ensure that the Patent law of Barbados will not discourage the use of new technology in Barbados.

1. By section 5(1) of the Act the grant of a patent for an invention vests in the owner of the patent the exclusive right to prevent any other person from using the invention without the consent of the owner. Similarly by section 5(2) the according of a filing date on the application for a patent for an invention vests in the applicant the exclusive right to prevent any other person from using the invention without the consent of the applicant.

Section 95 of the Act empowers the Minister to provide for reciprocal treatment in relation to applications for patents and for patents to be given to any country that provides, for applications filed in Barbados and patents granted in Barbados, protection similar to the protection given by the Act.

2. There is no time limit within which a patent is required to be registered.

By section 34 of the Act a patent is granted for a period of fifteen years and may be extended for a further period of five years.

3. There is no expressed provision in the Act to facilitate resolution of patent disputes or to discourage protracted litigation. However, under section 77 of the Act a licensee may request the owner of a patent to institute legal proceedings within ninety days of the request and where the owner fails to do so the licensee may institute the proceedings in his own name and the High Court may grant an injunction within the period of ninety days to prevent or prohibit an infringement. The High Court also has under rules of Court, the power to require security for costs.

4. Section 74 of the Act confers on any person whose exclusive rights under the Act are in imminent danger of being infringed or are being infringed the right to institute proceedings in the High Court for an injunction to prevent the infringement or to prohibit the continuation of the infringement.

5. By section 86 of the Act any person who knowingly infringes any right vested in any other person under the Act is guilty of an offence and liable on summary conviction—

(a) to a fine of $10,000 or to imprisonment for a term of two years, or to both; and

(b) in the case of a continuing offence, to a further fine of $1,000 a day for each day or part of a day on which the offence continues.

TRADE MARKS ACT, 1981

The purpose of the abovementioned Act as provided by section 3 thereof, is to protect trade marks, service marks and collective marks registered under the Act so that the law of Barbados will accord with its obligations—

(a) under the Nice Agreement concerning the International Classification of Goods and Services for the purposes of the Registration of Marks, dated June 15, 1957, as revised from time to time, in the Act called the "Nice Agreement"; and

(b) under the Paris Convention for the Protection of Industrial Property dated March 20, 1883, as revised from time to time, in the Act called the "Paris Convention".

1. By section 5 of the Act the registration of a mark vests in the registered owner of the mark the exclusive right to prevent any other person from using the mark in circumstances that are likely to mislead the public or to affect the interests of the registered owner of the mark. Under section 54 of the Act the Minister may provide that reciprocal treatment be given in relation to marks to which the Act relates to any country that provides similar to marks registered in Barbados.

2. There is no time limit fixed for the registration of a mark; but it will be provided by regulations that where an applicant is not proceeding expeditiously with his application the Director of the proposed Industrial Property Office may give him notice to proceed and if within the time allowed in the notice the applicant fails to communicate with the Director concerning the application the applicant shall be deemed to have abandoned the application.

Section 25 of the Act provides that the registration of a mark is valid for a period of ten years from the date of its registration but a registration may be renewed for further consecutive periods of ten years each.

4. By section 52 of the Act the High Court is empowered to enjoin any person who infringes a right vested in any other person.

5. A person who infringes any right vested in any other person is, by section 50 of the Act, guilty of an offence and liable on summary conviction—

(a) to a fine of ten thousand dollars or to imprisonment for a term of two years or to both; and

(b) in the case of a continuing offence, to a further fine of one thousand dollars for each day or part thereof on which the offence continues.

COPYRIGHT ACT, 1981

The purposes of this Act are as set out in section 3—

(a) to protect, regardless of quality, the proprietary interests in original works of a literary, artistic or scientific character and the proprietary interests in other works derived from or related to literary, artistic or scientific works; and

(b) to accord with the obligations of Barbados under the Berne Convention of the protection of Literary and Artistic Works as revised at Paris on July 24th, 1971, hereinafter referred to as the "Berne Convention".

1. and 2. Section 10 of the Act confers on the author of an original literary, artistic or scientific work the exclusive economic and moral rights respecting the work. Section 12 of the Act confers on translators, compilers and arrangers of works the same economic and moral rights as those conferred on the author of a work.

It is provided by sections 17 and 18 of the Act, that the economic and moral rights vested in an author in respect of a work exist for the life of the author and for the fifty calendar years immediately following the year of his death.

Where a work is published anonymously or under a pseudonym, the author's rights in the work, by virtue of section 19 of the Act, exist for the fifty calendar years immediately following the year in which the work was first published; but, if during that period, the identity of the author of the work is revealed or his identity is no longer in doubt, the rights exist, for such period specified for the duration of economic rights as the circumstances require.

By section 20 of the Act the author's rights in an audio-visual work exist for the fifty calendar years immediately following the year in which the mark was first made available to the public; but if the work is not made available to the public within the first fifteen calendar years after the work was completed, the author's rights to the work cease at the end of that fifteenth calendar year.

By section 21 of the Act, the author's rights in a photographic work exist for the fifty calendar years immediately following the year in which the work was first made available to the public.

Section 30 of the Act confers on a performer the exclusive right to prevent any person, without the consent of the performer—

(a) from broadcasting his performance;

(b) from making a recording of his performance; or

(c) from reproducing a recording of his performance.

By section 33 of the Act, the rights vested in a performer under section 30 in respect of a performance exist for the twenty calendar years after the end of the year in which the performance occurred.

Section 35 of the Act confers on the producer of a phonogram the exclusive right to prevent any person, without the consent of the producer—

(a) from making a reproduction of a phonogram the original sound-recording of which was lawfully made in Barbados;

(b) from importing, for the purpose of distribution to the public, a phonogram the original sound-recording of which was lawfully made in Barbados; or

(c) from distributing to the public, whether by sale or otherwise, any reproduction of the phonogram the original sound-recording of which was lawfully made in Barbados.

Under section 36 of the Act the rights vested in the producer of a phonogram under section 35 exist for a period of twenty calendar years immediately following the end of—

(a) the year in which the phonogram was first made available in Barbados to the public if it was made available in Barbados; or

(b) if the phonogram is not made available in Barbados, the end of the year in which the original sound-recording for the phonogram was lawfully made in Barbados.

Section 41 of the Act confers on the broadcaster of a broadcast that is lawfully made the exclusive right to prevent any other person, without the broadcaster's consent—

(a) from rebroadcasting the broadcast;

(b) from making a recording of the broadcast; or

(c) from reproducing a recording of the broadcast.

There is no requirement to register a copyright. Under section 50 of the Act the Minister may grant reciprocal treatment in relation to those rights to which the Act relates to any country that provides protection for similar rights in respect of Barbados.

4. By section 49 of the Act any person whose rights under the Act are in imminent danger of being infringed or are being infringed may obtain an injunction to prevent the infringement or to prohibit the continuation thereof.

5. Section 44 of the Act provides for a fine of ten thousand dollars or to imprisonment for a term of twelve months or to both for the infringement of a right; and if the offence is a continuing offence, and additional fine of one thousand dollars for each day or part of a day during which the offense continues.

Any person who, not being the performer or person authorised by the performer, perpetrates a fraud on the performer is, under section 45 of the Act, liable on summary conviction to a fine of ten thousand dollars or to imprisonment for a term of twelve months, or to both.

Under section 46 of the Act a person who without the written consent of the Minister knowingly imports into Barbados or sells, offers or exposes for sale or distributes in Barbados any copies made outside Barbados of—

(a) any works of folklore; or

(b) any translations, adaptations, arrangements of other works or transformation of folklore;

is guilty of an offence and liable on summary conviction to a fine of ten thousand dollars or to imprisonment for a term of twelve months or to both.

In addition to any punishment imposed by a court in respect of a prosecution of an offence in respect of any infringement of a right, fraud on a performer or folklore offence the court may, pursuant to section 47 of the Act, order that all amounts arising out of the offence and received by the accused by accounted for by him and paid to the person entitled under the Act to those amounts and that all copies, recordings, reproductions, duplications, and other infringing material obtained from and all implements or devices used in, the commission of the offence be seized and disposed of as the court may direct having regard to the persons whose rights were infringed and the extent of that infringement.

A64:034

PUBLIC NOTICE

PATENTS ACT, 1903-7, CAP. 314

NOTICE is hereby given that —————— lodged in this Office an application and —————— specification for a patent under the Patent Act 1903(1903-7), for an invention for ——————. The said Specification has been accepted and is open to public inspection at this Office.

————— ————,
Registrar.

Registration Office.

A64:029

BARBADOS.

TAKE NOTICE

THAT —————— has applied for the registration of a trade mark in Part "A" of Register in respect of —————— and will be entitled to register the same after one month from the ——— day of ————— 19— unless some person shall in the meantime give notice in duplicate to me at my office of opposition of such registration. The trade mark can be seen on application at the Registration Office, Law Courts, Bridgetown.

Dated this ——— day of ————— 19—.

————— ————,
Registrar of Trade Marks.

Similarly an Industrial Design Act was enacted in 1981. The purpose of this Act is to protect applications made for the registration of industrial designs under the Act so that the Laws of Barbados will accord with its obligations under the Paris Convention for the protection of Industrial Property of March 1883.

The registration of an industrial design vests in the registered owner of the design the exclusive right to prevent other persons from performing certain stipulated acts.

29-118 O—84——4

(C)(10)—Private Broadcast of Copyright Material

Barbados has deposited its Instruments of Accession to the following intellectual property conventions:

(i) the Universal Copyright Convention of 24th July 1971;

(ii) the Berne Convention for the Protection of Literary and Artistic works; Paris Act of 1971;

(iii) the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, October 1961;

(iv) the Convention for the Protection of Producers of Phonograms against Unauthorised Duplication of their Phonograms, Geneva 1971.

Governmental authorities such as the Police and Customs carry out the necessary surveillance functions in regard to the piracy of copyright material and it is expected that concerned private interest will take the appropriate action under the laws to address this problem.

(C)(11)—Cooperation in Administration

Barbados will cooperate with all reasonable procedures aimed at maintaining the integrity of the trade provisions of the Caribbean Basin Economic Recovery Act in particular the appropriate certification procedures, monitoring compliance and providing trade information.

The Ministry of Trade and Industry under whose portfolio the subject of the CBI falls will be the focal point for the administration of matters relating to the Caribbean Basin Economic Recovery Act.

MINISTRY OF FOREIGN AFFAIRS,
MARINE HOUSE,
Barbados, November 15, 1983.

No. 1161, Vol. III.

Hon. WILLIAM E. BROCK,
U.S. Trade Representative, Office of the United States Trade Representative, Washington, D.C., United States of America.

DEAR MR. AMBASSADOR: I wish to refer to my letter No. 1161 Vol. III dated September 30, 1983 and the Memorandum outlining Barbados' position with regard to the criteria required for designation as a beneficiary country provided for in the Caribbean Basin Economic Recovery Act.

The Government of Barbados understands that after receiving the Memorandum, the Government of the United States of America has a number of questions regarding the fulfilment by Barbados of certain designation criteria of the Act.

The Government of Barbados has therefore prepared an Addendum to the Memorandum which is attached hereto. It is hoped that the information of the Addendum will clarify the issues raised.

Please accept, Sir, the assurances of my highest consideration.

NIGEL A. BARROW,
Acting Minister of Foreign Affairs.

[ADDENDUM TO MEMORANDUM OF SEPTEMBER 30, 1983]

CRITERIA FOR DESIGNATION AS A BENEFICIARY COUNTRY AS PROVIDED UNDER THE CARIBBEAN BASIN ECONOMIC RECOVERY ACT

Section 212B(1)—Addition

Barbados is a parliamentary democracy.

Section 212B(2)—Addition

Intellectual property of any type, including property protected by patents and trademarks, is accorded the same protection against expropriation provided under the Constitution for other types of property. There are no disputes involving U.S. citizens or citizens of any other country and the Government of Barbados arising out of the nationalization of property.

Section 212B(3)—Addition

There are no instances in which the Government of Barbados has failed to act in good faith in recognizing as binding or in enforcing such arbitral awards in favour of U.S. citizens or companies or citizens or companies or any other country.

Section 212B(4)—Deletion

Delete the words "adheres to the principle of non-reciprocity with respect to trading with developed countries and" appearing in lines 1, 2 and 3.

Section 212C(3)—Addition

The Government of Barbados will continue to maintain an open non-discriminatory trading regime which does not unduly restrict trade with the United States. The Government of Barbados wishes to assure the United States that it will not restrict the United States from being eligible on a non-discriminatory basis from any access to basic commodity resources of Barbados.

Section 212C(4)—Addition

In conformity with its international obligations, the Government of Barbados will notify the United States on a reciprocal basis with regard to the introduction, modification or extension of any measures taken for these purposes. Wherever practical, the Government will inform the United States of a time schedule for the removal of such measures.

Section 212C(5)—Addition

The Government of Barbados will keep under review its fiscal incentives related to exports, with the objectives of avoiding distortions in its international trade. The Government of Barbados agrees to consult with the United States Government if the United States believes that any trade promotion practices of the Government of Barbados have a trade-distorting effect. The Government of Barbados will also avoid the use of any performance requirements which would distort trade with the United States.

Section 212C(9)—Addition

The Government of Barbados will provide adequate and effective protection of Intellectual property rights for foreign nationals.

Addition to the Memorandum

The Government of Barbados understands that the Caribbean Basin Economic Recovery Act recognizes the authority of the President of the United States to withdraw or suspend the beneficiary status of previously-designated countries. Barbados agrees to notify the United States in the event changes in any of the policies or practices discussed above might prove to be inconsistent with any of the designation criteria of the U.S. law. The Government of Barbados would be prepared to consult with the United States Government upon request concerning such changes.

DOMINICA

OFFICE OF THE PRIME MINISTER,
COMMONWEALTH OF DOMINICA,
West Indies, November 2, 1983.

Hon. WILLIAM E. BROCK,
U.S. Trade Representative, Office of the United States Trade Representative, Washington, D.C.

DEAR MR. AMBASSADOR: My Government understands that after reviewing my letter of October 5, 1983, the Government of the United States has a number of questions regarding the fulfilment of certain designation criterion of the Caribbean Basin Economic Recovery Act by the Commonwealth of Dominica. We wish to make the following additions to our previous letter in the hope of clarifying those issues.

Section 212B(2) addition: Intellectual Property of any type, including property protected by patents and trade marks, is accorded the same protection against expropriation provided under the constitution for other types of property. There are no disputes involving U.S. citizens and the Government of Dominica arising out of the nationalisation of property.

Section 212B(3) addition: There are no instances in which our Government has failed to act in good faith in recognising as binding or in enforcing such arbitral awards in favour of U.S. citizens or companies.

Section 212C(5) addition: The Government of Dominica will keep under review its fiscal incentives related to exports, with the objective of avoiding distortions in its international trade. The Government of Dominica agrees to consult with the United States Government if the U.S. believes that any trade promotion practices of the Government of Dominica have a trade-distorting effect. The Government of Dominica will also avoid the use of any performance requirements which would distort trade with the United States.

Section 212(c) addition: (9) in the interim, the Government will provide adequate and effective protection of intellectual property rights held by foreign nationals.

We also request that the following paragraph be added to our letter:

The Government of Dominica understands that the Caribbean Basin Economic Recovery Act recognises the authority of the President of the United States to withdraw or suspend the beneficiary status of previously designated countries. The Commonwealth of Dominica agrees to notify the United States in the event of changes if any of the policies or practices discussed above might prove to be inconsistent with any of the designation criteria of the U.S. Law. The Government of Dominica would be prepared to consult with the United States Government upon request concerning such changes.

M. EUGENIA CHARLES,
Prime Minister.

OFFICE OF THE PRIME MINISTER,
COMMONWEALTH OF DOMINICA,
West Indies, September 29, 1983.

Hon. WILLIAM E. BROCK,
U.S. Representative, Office of the United States Trade Representative, Washington, D.C., USA.

DEAR MR. AMBASSADOR: In my previous letter indicating the Commonwealth of Dominica's desire to be designated as a beneficary under the "Caribbean Basin Economic Recovery Act", I had indicated that another letter would follow, in which I would give a response to the criteria for designation as set our in the legislation. It is with regard to that undertaking that I now communicate with you.

Allow me to start this letter by expressing my personal belief that there shall be no difficulty with the designation of the Commonwealth of Dominica as a beneficiary country under the Act. In the event that there were to be any minor difficulty, the Government of the Commonwealth of Dominica would be willing to initiate action aimed at eliminating such difficulty.

I now wish to discuss in greater detail each of the aspects of the criteria for designation and to explain how each is satisfied by the Commonwealth of Dominica.

Section 212(B)(1)

Dominica is not a Communist country and the policies, principles and philosophy of my Government as well as that of the Dominica Freedom Party of which I am Political Leader, are well known.

Section 212(B)(2)(A). Expropriation

With reference to the section of the Act which deals with expropriation, I must indicate that the Commonwealth of Dominica respects the right of the individual in his ownership of property. It is well known that Dominica has not nationalized, expropriated or otherwise seized ownership or control of assets of property belonging to a United States Citizen or Corporation as defined in the Act. In any case of expropriation or nationalization, the private party, whether U.S. or not, would be protected by the law of Dominica. This principle is of long standing in the Commonwealth of Dominica and dates back to the colony status of the country. In addition, the Constitution of the Commonwealth of Dominica, Section 6, is specific on the matter. This is further reinforced by the Land Acquisition Ordinance Cap. 170 of the Revised Laws of Dominica, 1961, as amended by Acts No. 27 of 1976 and 9 of 1971.

These laws provide that expropriation may only be undertaken for a public purpose and provide for legal protection and adequate compensation. The Constitution of the Commonwealth of Dominica, Section 6, paragraph 6, subsections a(i) and (viii) and subsections b(1) to (iv) state clearly for what reasons any property can be acquired. The High Court has jurisdiction in the determination of the validity of expropriation and in matters of compensation. No person who is entitled to compensation can be prevented from remitting, within a reasonable time after he has received any amount either in money or such other form that he has converted

to money, the whole of that sum of money (free from any deduction, charge or tax made or levied in respect of its remission) to any country of his choice outside Dominica.

The Land Acquisition Act is the only specific law which exists in Dominica, apart from the Constitution, which deals with expropriation. By the same token, Dominica has taken no steps to repudiate or nullify any "bona fide" contract or agreement, patent, trademark or other intellectual property within the meaning of the Act nor has it imposed or enforced taxes or other exaction, restrictive maintenance or operational conditions, or other measures, the effect of which is to nationalize, expropriate or otherwise seize control or ownership of property defined in the Act.

Section 212(B)(3). Arbitral Awards

Dominica has not failed to act in good faith in recognizing as binding any arbitration award with regard to persons or entities as specified in the Act. On the matter of arbitral awards, our laws and regulations governing that matter are based on some old laws of the United Kingdom. As a matter of fact, Chapters 2 and 3 of the Laws of Dominica 1961 adopt for Dominica, the U.K. Arbitration Act, 1889 (52 & 53 VICT C. 49), the Arbitration Clauses (Protocol) Act, 1924 (14 & 15 Geo. V. C. 39) and the Arbitration (Foreign Awards) Act, 1930 (20 Geo. V. C. 15), in the case of the latter with slight modifications.

Dominica also abides by the regulations of the International Chamber of Commerce which deal specifically with arbitral awards. According to practice, the parties—the foreign investor and the Commonwealth of Dominica—would agree jointly on the procedures for litigation.

In general, the laws of Dominica are adequate to assure that any arbitration award would be recognized as binding within the meaning of the Act.

Section 212(B)(4). Reverse Trade Preferences

The Commonwealth of Dominica does not provide preferential treatment to the products of any developed country. Furthermore, it is the policy of Dominica not to enter into any agreement which would require it to do so.

Section 212(B)(5). Government Entity Broadcasting of Copyright Materials

No entity owned by the Government of the Commonwealth of Dominica is engaged in the broadcast of copyrighted material belonging to United States copyright holders without their express consent. Moreover, it is our intent in the future not to do so. Act No. 33 of 1975 as amended by Act No. 32 of 1978, establishes a public Corporation for broadcasting and brings the Corporation directly under Government's control.

Section 212(B)(6). Co-operation on Narcotics Matters

The Government of the Commonwealth of Dominica fully shares the concern of the Government of the United States on the serious problem of the production, distribution, use, abuse and other dangers related to narcotics. We have always in the past co-operated

fully with the United States in attempting to deal with this threat to the well being of the citizens of both countries. In the first case, our regulations stipulate that drugs shall not be cultivated or produced within our country.

We detain, charge and try citizens of our country who do so. Moreover, we try nationals of the United States and other countries who, for instance, while apparently on vacation attempt to make purchases of narcotics for the purpose of smuggling these into their home countries. In the past, we have always prohibited and attempted to prevent all individuals, nationals of the U.S. or not, from using narcotics while within our jurisdiction. We expect to continue such a policy in the future.

In an attempt to better handle the narcotics problem, we have sought and obtained assistance from the Government of the United States. We have been particularly pleased at the assistance which the United States has provided us in this field. The assistance has been mainly in the form of training. Dominican law enforcement officers have travelled to the U.S. for training. Our increasing capacity to handle the narcotics problem is evidence of the extreme usefulness of that type of training. We are now able to better combat this problem domestically and to contribute to international narcotics control. Another area of U.S. assistance, which is current, is aerial survey to identify and quantify the extent of marijuana proliferation on the Island. The follow-up shall be in the form of assistance in the determination and implementation of eradication strategies. Also, the Commonwealth of Dominica and the U.S. have shared intelligence and Dominica has secured marine training help in the Panama Canal Zone. We look forward to continued co-operation and assistance. In short, the Government of the Commonwealth of Dominica takes adequate steps to control narcotics.

Section 212(B)(7). Extradition

As regards extradition, Dominica has, by letter of 23rd December, 1982, informed the Secretary General of the United Nations that treaties previously entered into by the United Kingdom Government on behalf of the Commonwealth of Dominica while it was an Associated State would continue to apply. The Extradition Treaty of 1972 between the United States and the United Kingdom is one such treaty. The Commonwealth of Dominica is therefore a party to that treaty and fully enforces all its provisions. The Commonwealth of Dominica has also enacted its own legislation on the matter—the Extradition Act of 1980—which further reinforces our intention and ability to co-operate with countries like the United States on matters of extradition. The Extradition Act enables Dominica to fully honour the 1972 Treaty as well as to provide protection for all other Commonwealth countries.

Section 212(C)(1). Desire to be Designated

I have already declared the Commonwealth of Dominica's desire to be designated as a beneficiary under the Caribbean Basin Economic Recovery Act. It is, however, necessary for me to reiterate that desire before I discuss economic and trade issues falling under

the Act. I am of the opinion that, given our developmental status, the Recovery Act is an important tool for economic co-operation.

Section 212(C)(2). Economic Conditions

The Commonwealth of Dominica's economic condition is sufficiently well known. Our increasing requests for Official Development Assistance (O.D.A.) and our constant search for concessionary aid funding gives an indication of our position. So also do our relationship with the International Monetary Fund and the World Bank, as well as our recognized status as one of the more undeveloped small island economies.

Sections 212(C) (3), (4), and (5)—(C)(3) Access to Markets; (C)(4) Acceptance of International Trade Rules; (C)(5) Export Subsidies, Performance Requirements, Local Content

The Commonwealth of Dominica, with the exception of preferences to other Caricom member states, provides non-discriminatory access to its market. In this regard, U.S. concerns would not be discriminated against. U.S. goods would receive treatment identical to those of other countries with the exceptions made for Caricom. The trade aspects of the Act are of extreme importance and require some discussion.

The Commonwealth of Dominica, while not a signatory to the General Agreement of Tariff and Trade (GATT), applies the Agreement's rules and principles de facto. Along with other developing countries, particularly those of the Organisation of Eastern Caribbean States (OECS) the Commonwealth of Dominica is seriously studying the possibility of becoming signatory to the Agreement. We already subscribe to the "most favoured nation" (MFN) concept. In addition, we embrace the principle of notification and consultation with trading partners; e.g. Canada under the Canada/Caricom Treaty and the European Economic Community under the ACP-EEC Convention of Lome. We, however, use the permitted exception in our relationship under the Caribbean Community and the Caribbean Common Market.

We apply most of the other principles of the Agreement and seek to limit protective measures to tariffs. However, to protect certain infant industries and in keeping with regulations under the East Caribbean Common Market, we have instituted a licensing system for specified commodities; S.R.O. No. 10 of 1982 specifies the list of commodities for which licences are required. Any tariff protection accorded is given under the common external tariff as applicable to the OECS/CARICOM. The licensing scheme also is used for monitoring purposes. However, we have used the scheme for balance of payments purposes.

Foreign investment is encouraged and actively sought. Substantail incentives are provided. The key element in the incentive package, which has been legislated in the form of a Fiscal Incentives Act, is the specification of maximum corporate income tax "holiday". The length of the "holiday", which nomally ranges between 10 and 15 years, depends on a number of factors. One factor is the percentage of local value added. The greater the percentage of local value added. The greateer the percentage of local value added the longer the "holiday" period; the rationale being that the greater

the local value added the greater the boost to the domestic economy and economic development. For instance, with local value added of 50 percent or more, a tax holiday of 15 years is granted, while 10-year holidays or less are furnished in instances where local value added is between 10 and 15 percent. In addition, the country accords up to 15-year holidays to enclave industries—those industries producing mainly for export markets. In furnishing the incentive to enclave industries, the state is recognizing the importance of foreign exchange generation. Dominica also accords 15-year holidays where capital investment is substantial—a minimum of $9.3 million; a large initial contribution commits the manfucturer to the recipient state.

In addition to tax holidays, Dominica provides other incentives. During the holiday period, enterprises are allowed to import duty-free raw materials, machinery, plant, equipment and spare parts. Dominica also will grant work permits freely where specific skills are absent. Investors, for the most part, are permitted unimpeded repatriation of capital, profits and dividends. Finally, foreign investors have free access to imported inputs.

Our country provides no export subsidies and imposes no export preformance requirement on foreign or domestically-owned manufacturers. In addition to the fiscal incentives noted above, we do, however, offer export incentives to manufacturers based on value of exports as a percent of total production. These rates are all determined by the CARICOM Harmonization of Fiscal Incentives Agreement, and the Income Tax Act.

Section 212 (C)(6). Regional Revitalization

The regional and subregional integration movements provide important links for Dominica. Consequently, the Commonwealth of Dominica is a full member of both CARICOM and the Organisation of East Caribbean States. We firmly believe that the success of CARICOM and the OECS in the promotion of the Economic Development of their member states shall contribute to the revitalization and economic growth of the wider region.

Section 212(C)(7). Self-Help

Over the past several years, marked improvements have been made in Dominica's investment climate. An austerity program has played the key role, encouraged by a 1981 three-year $11 million Extended Fund Facility (EFF) agreement with the the IMF to which Dominica has adhered. The most important elements in the program have consisted of fiscal restraints and increased reliance on the private sector and free market forces. The public finances have been strengthened through:

(a) placing curbs on expenditure;

(b) hiking some taxes and controlling more rigidly tax assessments and collections; and

(c) reducing transfers to the parastatals.

Other efficiencies have been introduced through consolidation of various government entities. The government is also limiting borrowing from the country's commercial banking system; such borrowing can "crowd out" private sector activities by reducing liquidity in the banking system. We also are in discussion with the

World Bank on the subject of structural adjustment program with the relevant financing components. Traditionally, the country has not financed government expenditures through "printing money." In addition, the government has not used foreign exchange controls or extensive use of administered pricing.

In addition to these fiscal measures, Dominica has introduced other reforms. The Industrial Development Corporation has been placed under the leadership of the private sector and actively sought increased foreign and domestic private sector investment. We had over a period of time located a national at the UNIDO office in New York, with responsibility for promotion. We offer assistance in the form of fiscal incentives, assistance to the tourism sector, and other such forms of assistance. The Government of the Commonwealth of Dominica has set up two joint public/private sector committees to deal with matters affecting the private sector. The first is a review committee comprised of government officials and private sector representatives. This committee reviews specific issues, particularly those affecting the relationship between public sector bureaucracy and the private sector. The second is a policy committee comprised of the Cabinet of the country and private sector representatives. Policy issues shall be discussed in that body on a regular basis.

All these measures are aimed at establishing a climate within which a vibrant private sector can thrive. I am of the opinion that we are taking the appropriate measures to build the relevant ambiance through which we can attract investment both from the domestic and the foreign private sector.

In the area of trade liberalization, I have already indicated that we have commitments under CARICOM and OECS and that we try to offer some protection for our infant industry. Beyond that, we operate an open market which can be accessed by foreign business.

Section 212(C)(8). Workers' Rights

The Government of the Commonwealth of Dominica is extremely concerned over the condition of the human being. We consider the employment is a right and that the conditions of employment must not rob an individual of his humanity or dignity. For these reasons, we have been and shall continue to attempt to create employment and to enforce regulations protecting the workers of our country. Our Constitution (1978 Constitution, Section II) grants ever individual the protection of freedom of assembly and association. No authority can prevent the formation of trade unions established for legal purposes in the Commonwealth of Dominica. The right of workers to organize and bargain collectively is fully protected in Dominica by both custom and statute. I have already referred to the Constitution. I must now make reference to the Industrial Relations Act No. 35 of 1975 as amended by 5 of 1976, 8 of 1977 and 16 of 1977, 6 of 1979 and 13 of 1979. This Act sets out regulations governing the existence and operations of bargaining agents on behalf of workers. Regulations affecting recognition, collective bargaining and industrial agreements, settlement of disputes, unfair practices, offenses and penalties are all included in Act No. 35 of 1975, and the Act is fully operational.

Act No. 3 of 1983 provides regulations for the "safety and health of persons employed upon or in connection with any business and for the provision therefore of safety measures in the operation or use of plant, machinery, equipment and premises used in connection with the operation of any business" (Section 6(i)). Provisions are made for the Minister to establish consultative or advisory committees and to designate safety officers. Our regulations when examined in detail undoubted reveal our deep concern for the workers of our country.

In addition to those measures already discussed, the Government of the Commonwealth of Dominica has introduced the Labour Standards Act No. 2 of 1977, the Labour Contracts Act No. 12 of 1983 and the Protection of Employment Act No. 1 of 1977 as amended by Acts 3 of 1978, and 4 of 1983. These measures are all in place to ensure basic minimum and, when applicable, the appropriate conditions for workers.

A Social Security scheme exists to provide medical and retirement benefits as well as some other benefits.

Section 212(C)(9). Intellectual Property

In the case of copyrights, the Revised Laws of Dominica 1961, Cap. 319, deals specifically with that matter. The laws of Dominica refer to the Imperial Copyright Act of 1911 (1 and 2 Geo. V. Cap. 46). This means that the British act has equal legal validity in Dominica. Allowance is made for registration of copyrights upon application to the Registrar. Foreign products and processes are covered and protection is extended to them. One can obtain an injunction and also seek redress through the courts for infringements. The length of validity of a copyright is 14 years and may be renewed upon application. Copyrights registered by the Registrar are publicly advertised either in the Official Gazette or in a local newspaper having wide circultion.

Patents are covered by Cap. 324 of the Revised Laws of Dominica 1961. Application for a Patent must be made to the Registrar's office. The Registrar shall give notice to the applicant if the Patent has been granted and shall cause such grant to be published in the Official Gazette. There is allowance for notice of objection. These cases can be decided by the Registrar. Particulars required for the registration of a Patent are given in Section (3), paragraphs 49–66 inclusive of Cap. 324. A Patent is granted for 14 years and may be renewed on application. The Patentee may take civil action in case of infringement and can seek an injunction to prevent further damage during litigation. The High Court decides on those matters.

In the case of Trade Marks, Cap. 332 of the Revised Laws of Dominica deals with that matter. An application for registration of a Trade Mark must be made to the Registrar. Part II of that Cap. 332 indicates the procedure for application. The Registrar causes the application to be advertised in accordance with Part III of Cap. 332. If the applicant is successful, the Trade Mark is registered for 14 years. A civil action may be taken to decide matters of infringements. An injunction against further damage can be secured from

the High Court. Refusal by the Registrar to register a Trade Mark is subject to appeal to the High Court.

The measures applicable to Dominica are all patterned on old English legislation. As part of an overall legislative review, the Government of the Commonwealth of Dominica is currently examining its regulations with respect to Trade Marks, Patents and Copyrights with an eye towards enhancing protection.

Section 212 (C)(10). Private Broadcast of Copyright Material

A cable network and two video concerns, all of which are privately owned, are using U.S. material. The Commonwealth of Dominica's laws, as noted earlier, however, protect foreign copyrights, including those of the United States and these laws extend to the broadcast of films or television.

The cable network has substantial U.S. equity participation, while the two privately owned video concerns are not operated for financial gain. The cable network has been attempting to receive permission from U.S. companies to use some of their programs. Dominica, however, has not been able so far to obtain permission from the U.S. cable companies because the cable companies have not obtained permission from the United States copyright proprietors to exhibit their programs outside the United States. Nonetheless, a portion of the monies collected by the cable network from users is being placed aside for the payment of any licences or royalties. In any case, after registration of a Copyright, the U.S. company would have, under Dominica laws, recourse to the courts.

The Commonwealth of Dominica is an extremely small state with one local newspaper and one local radio station, the hours of broadcasting of the latter being restricted by availability of finance. The news coverage aspect of the services provided by our domestic network keep us informed of the United States. Our people are exposed to U.S. views, policies and opinions, and that serves to bring our countries closer together. It is my opinion that the matter of private broadcasting of U.S. programs has an overall net benefit and should not be allowed to stand in the way of our being designated as a beneficiary under the Caribbean Economic Recovery Act. We are in constant communication with the relevant U.S. concerns in an attempt to find a solution. We shall continue and intensify our efforts.

Section 212(C)(11). Co-operation in Administration

The Government of the Commonwealth of Dominica is fully prepared to co-operate with all reasonable procedures aimed at maintaining the integrity of the Caribbean Basin Economic Recovery Act trade provisions. This would include, but not be limited to, appropriate certification procedures, monitoring compliance and provision of information. At this juncture, the Ministry of Finance would be the entity responsible.

I have given what I consider to be a rather detailed discussion and declaration of intent on the major determinants for designa-

tion. I am certain that the Government of the United States shall not have any difficulty in designating the Commonwealth of Dominica as a beneficiary under the Caribbean Basin Economic Recovery Act.

Please accept assurances of my highest esteem.

BRIAN G K ALLEYNE,
Ag. Prime Minister.

SAINT CHRISTOPHER-NEVIS

PRIME MINISTER,
FEDERATION OF ST. CHRISTOPHER AND NEVIS,
St. Kitts, W.I., November 4, 1983.

Hon. WILLIAM E. BROCK,
U.S. Trade Representative, Office of the United States Trade Representative, Washington, D.C.

Hon. GEORGE P. SHULTZ,
Secretary of State, Department of State, Washington D.C.

GEORGE MACFARLAND,
Charge d'Affaires, U.S. Embassy, Antigua.

DEAR MR. SECRETARY AND MR. AMBASSADOR: My Government understands that after reviewing my letter of October 5, 1983, the Government of the United States has a number of questions regarding the fulfillment of certain designation criterion of the Caribbean Basin Economic Recovery Act by St. Christopher and Nevis. We wish to make the following additions to our previous letter in the hope of clarifying those issues.

Section 212B(2). Addition

Intellectual property of any type, including property protected by patents and Trade Marks, is accorded the same protection against expropriation provided under the Constitution for other types of property. There are no disputes involving U.S. citizens and the Government of St. Christopher and Nevis arising out of the nationalization of property.

Section 212B(3). Addition

There are no instances in which our Government has failed to act in good faith in recognizing as binding or in enforcing such arbitral awards in favour of U.S. citizens or companies.

Section 212C(5). Addition

The Government of St. Christopher and Nevis will keep under review its fiscal incentives related to exports, with the objective of avoiding distortions in its international trade. The Government of St. Christopher and Nevis agrees to consult with the United States Government if the United States believes that any trade promotion practices of the Government of St. Christopher and Nevis have a trade-distorting effect. The Government of St. Christopher and Nevis will also avoid the use of any performance requirements which would distort trade with the United States.

Section 212C(9). Addition

The Government of St. Christopher and Nevis will provide adequate and effective protection of intellectual property rights for foreign nationals.

The Government of St. Christopher and Nevis understands that the Caribbean Basin Economic Recovery Act recognizes the authority of the President of the United States to withdraw or suspend the beneficiary status of previously-designated countries. St. Christopher and Nevis agrees to notify the United States in the event of

changes in any of the policies or practices discussed above might prove to be inconsistent with any of the designation criteria of the U.S. Law. The Government of St. Christopher and Nevis would be prepared to consult with the United States Government upon request concerning such changes.

Yours sincerely,

KENNEDY A. SIMMONDS,
Prime Minister and Minister of Foreign Affairs.

SAINT LUCIA

MINISTRY OF FOREIGN AFFAIRS,
Saint Lucia, West Indies, October 5, 1983.

Hon. WILLIAM E. BROCK,
U.S. Trade Representative, Office of the United States Trade Representative, Washington D.C.

DEAR MR. BROCK: I would like to express my pleasure at the passage of the Caribbean Basin Economic Recovery Act. Saint Lucia wishes to be designated as a beneficiary under the Act. As requested, the following letter discusses the criterion for designation as a beneficiary laid down in the Act as they apply to Saint Lucia.

Saint Lucia has not expropriated or otherwise seized assets belonging to a United States citizen or corporation. In any case of expropriation or nationalization, the private party, whether United States or not, would be protected by the laws of Saint Lucia. These laws provide that expropriation only be undertaken for a public purpose and provide legal protection and compensation. The Constitution of Saint Lucia does not allow seizure without adequate compensation. The relevant section of the Saint Lucia Constitution Order 1978 is Section 6 sub-sections one to eight.

Saint Lucia does not provide preferential treatment to the products of any developed country. Furthermore, it is the policy of Saint Lucia not to enter into any agreement which would require it to do so.

No entity owned by the Government of Saint Lucia is engaged in the re-broadcast of copyrighted material belonging to the United States copyright holders without their express consent. Moreover, it is our i ntent in the future not to do so.

The Government of Saint Lucia fully shares the concern of the Government of the United States on the serious problem of narcotics. We have in the past co-operated fully with the United States in attempting to deal with this threat to the well-being of the citizens of both countries. The United States has provided Saint Lucia with training in the prevention of drug trafficking and we are particularly pleased with this assistance. We expect to continue such co-operation in the future. This has enabled us to better combat this problem domestically, and to contribute to international narcotics control efforts. We look forward to continued co-operation and assistance.

Saint Lucia is a party to the United States/United Kingdom Extradition Treaty of 1972 and fully enforces its provisions.

Saint Lucia, while not a signatory of the General Agreement on Tariffs and Trade, applies the agreements rules and principles de facto. We are seriously studying the possibility of becoming a signatory to the agreement. In line with this commitment to the agreement, Saint Lucia subscribes to the "most favored nation" principle, with the permitted exception relating to Caricom. We further subscribe to the principle of notification and consultation. In general, we seek to limit protective measures to tariffs. However, to protect certain infant industries Saint Lucia does have an import licensing scheme in effect for certain commodities. GATT has notified of this exception.

Saint Lucia, with the exception of preferences to other Caricom members, provides non-discriminatory access to its markets to all countries. Foreign investment is encouraged and sought. Trade in services is also relatively open.

Saint Lucia provides no export subsidies and imposes no export performance requirements or local content requirements on foreign or domestically-owned manufacturers. Certain levels of local value-added tax are required in order for an exporter to qualify for certain tax incentives.

Saint Lucia is a full member of the Caribbean Community and supports its aims and objectives. We believe that the success of Caricom in promoting the economic development of its members contributes to the revitalization of the wider region.

In order to make the economy of Saint Lucia more efficient and open the Government has instituted a number of measures to promote the development of the private sector. These measures include Fiscal Incentives to Industry as outlined in the Fiscal Incentives Act No. 15 of 1974 and the Hotel Aids Ordinance 1959. The Government of Saint Lucia established the Saint Lucia Development Bank to finance hotels, the manufacturing industry, manpower training etc. These measures have been taken to promote domestic and foreign investment and to create a positive business environment.

The workers' right to organise and bargain collectively is fully protected in Saint Lucia by both custom and statute. See the Trade Disputes (Arbitration Inquiry) Ordiance of 1967 and the Trade Union and Trade Disputes Ordiance of Saint Lucia.

The laws of Saint Lucia as evidenced by the English Copyright Act of 1956 which continues to be in force protects copyrights. The laws of Saint Lucia relating to patents and trade-marks can be found in the Commercial Code of Saint Lucia Volume five (5) Chapter 244. These laws outline the procedures for applying for registration of patents and trade-marks and the process for resolution of disputes etc. The average length of time for a patent or a trade-mark is three weeks. The period of three weeks is required to notify the public of the applicants intention to register the patent or trade-mark.

The Government of Saint Lucia is fully prepared to co-operate with all reasonable procedures aimed at maintaining the integrity of the Caribbean Basin Recovery Act Trade Provisions. This would include, but not be limited to appropriate certification procedures, monitoring compliance, and provision of information.

Yours sincerely,

JOHN G. M. COMPTON
Prime Minister.

MINISTRY OF FOREIGN AFFAIRS,
Saint Lucia, West Indies, November 10, 1983.

Hon. WILLIAM E. BROCK,
U.S. Trade Representative, Office of the United States Trade Representative, Washington, D.C.

DEAR AMBASSADOR: My Government understands that after reviewing my letter of October 5, 1983, the Government of the United States has a number of questions regarding the fulfillment of cer-

tain designation criterion of the Caribbean Basin Economic Recovery Act by Saint Lucia. We wish to make the following additions to our previous letter in the hope of clarifying those issues.

Section 212B(1) addition: Saint Lucia is a Parliamentary Democracy.

Section 212B(2) addition: Intellectual property of any type, including property protected by patents and trademarks, is accorded the same protection against expropriation provided under the constitution for other types of property. There are no disputes involving United states citizens and the Government of Saint Lucia arising out of the nationalization of property.

Section 212B(3) addition: There are no instances in which our government has failed to act in good faith in recognizing as binding or in enforcing such arbitral awards in favor of United States citizens or companies.

Section 212C(5) addition: The Government of Saint Lucia will keep under review its fiscal incentives related to exports, with the objective of avoiding distortions in its international trade. The Government of Saint Lucia agrees to consult with the United States Government if the United States believes that any trade promotion practices of the Government of Saint Lucia have a trade-distorting effect. The Government of Saint Lucia will also avoid the use of any performance requirements which would distort trade with the United States.

Section 212 C(10) addition: Saint Lucia will use its best endeavors to ensure that any broadcasting by Saint Lucia nationals of copyrighted material will occur only with the express consent of the copyright owners. Saint Lucia will cooperate with the government of the appropriate parties with the objectives of expeditiously reaching agreements providing such consent under the laws of Saint Lucia.

We also request that the following paragraph be added to our letter:

The Government of Saint Lucia understands that the Caribbean Basin Economic Recovery Act recognizes the authority of the President of the United States to withdraw or suspend the beneficiary status of previously-designated countries. Antigua agrees to notify the United States in the event of changes in any of the policies or practices discussed above might prove to be inconsistent with any of the designation criteria of the United States law. The Government of Saint Lucia would be prepared to consult with the United States Government upon request concerning such changes.

Yours sincerely,

JOHN G. M. COMPTON,
Prime Minister.

SAINT VINCENT AND THE GRENADINES

OFFICE OF THE PRIME MINISTER,
SAINT VINCENT AND THE GRENADINES,
West Indies, September 19, 1983.

Hon. WILLIAM E. BROCK,
U.S. Trade Representative, Office of the United States Trade Representative, Washington, D.C.

Hon. GEORGE P. SHULTZ,
Secretary of State, Department of State, Washington, D.C., U.S.A.

DEAR MR. AMBASSADOR, DEAR MR. SECRETARY: I would like to express my pleasure at the passage of the Caribbean Basin Economic Recovery Act. Saint Vincent and the Grenadines wishes to be designated as a beneficiary country under the Act. As requested, the following letter discusses the criteria for designation as a beneficiary country laid down in the Act as they apply to Saint Vincent and the Grenadines.

(B)(2) Expropriation

St. Vincent and the Grenadines has not expropriated or otherwise seized assets belonging to a United States citizen or by a corporation, partnership or association. In any case of expropriation or nationalizaion, the private party, whether United States or not is protected by the laws of Saint Vincent and the Grenadines. These laws provide that expropriation may only be undertaken for a public purpose and provide legal protection and compensation in section 6 of the Constitution of St. Vincent and the Grenadines (Statutory Instruments 1979 No. 916) from the deprivation of property. The Land Acquisition Act 1946 (No. 22 of 1946) sets out the various procedures for acquisition.

(B)(3) Arbitral Awards

By the St. Vincent and the Grenadines Arbitration Act 1952 (No. 10 of 1952) and the Arbitration (International Investment Disputes) Act 1966, a United Kingdom Act which is applicable in St. Vincent and the Grenadines, Arbitral Awards are settled, that is, provided that there is no built in mode of settlement in the document giving rise to the need for arbitration. There are no outstanding cases on the subject matter.

(B)(4) Reverse Trade Preferences

Saint Vincent and the Grenadines does not provide preferential treatment to the products of any developed country and it is not the policy of St. Vincent and the Grenadines to enter into any agreement which would require it to make such an arrangement.

(B)(5) Government Entity Rebroadcasting of Copyright Materials

No entity owned by the Government of St. Vincent and the Grenadines is engaged in the rebroadcast of copyright material belonging to United States Copyright holders without their express consent and it is our intent in the future not to do so.

(B)(6) Cooperation on Narcotics Matters

The Government of St. Vincent and the Grenadines fully shares the concern of the Government of the United States on the serious problem of the production, distribution, use and abuse related to Narcotics. We have in the past cooperated fully with the United States in attempting to deal with this threat to the well-being of citizens of both countries. More than twelve (12) persons from St. Vincent and the Grenadines have been trained by the United States Government in narcotics interdiction. We have laws against the cultivation, use and possession of narcotics. The Dangerous Drugs Acts 1937 to 1980, further provides for arrest, trial, punishment, confiscation and destruction of narcotics. Various vehicles and other equipment have, from time to time, been seized for being used in the transporting of marijuana. Land and sea patrols carry out surveillance on carriers. We expect to continue such a policy in the future. With the United States continued cooperation and assistance we hope to control this problem adequately.

(B)(7) Extradition

St. Vincent and the Grenadines shall forthwith advise the Secretary General of the United Nations that the Extradition Treaty (1976 No. 2144) entered into by the United Kingdom Government, on behalf of St. Vincent and the Grenadines, with the United States will continue to apply.

Within this calender year, St. Vincent and the Grenadines cooperated in sending to the United States jurisdiction a felon wanted by the authorities in the United States.

TRADE

(C)(3) Access to Markets; (C)(4) Acceptance of International Trade Rules; (C)(5) Export Subsidies, Performance Requirements, Local Content Requirements

St. Vincent and the Grenadines, while not a signatory to the General Agreement on Tariffs and Trade, applies the Agreements rules and principles de facto. We are seriously studying the possibility of becoming a signatory to the Agreement. We subscribe to the "most favoured nation" principle, with the permitted exception relating to CARICOM. We further subscribe to the principle of notification and consultation. In general, we seek to limit protection measures to tariffs. However, to protect certain infant industries, St. Vincent and the Grenadines does have an import licensing scheme in effect for certain commodities. GATT has been modified in this exception. There are no other relevant details on the application of GATT rules and procedures in St. Vincent and the Grenadines.

St. Vincent and the Grenadines, with the exception of preference to other CARICOM members, provides non-discriminatory access to its markets to all countries. Foreign Investment is encouraged and sought. Incentives to invest are provided under the Fiscal Incentives Act 1982 (No. 5 of 1982) which gives effect to a CARICOM Agreement on Harmonization of Fiscal Incentives to Industry.

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St. Vincent and the Grenadines provides no export subsidies and imposes no export performance requirements or local content requirements on foreign or domestically owned manufacturers. Certain levels of local value-added are required in order for an exporter to qualify for certain tax incentives.

(C)(6) Regional Revitalization

St. Vincent and the Grenadines is a full member of the Caribbean Community and supports its aims and objectives. We believe that the success of CARICOM in promoting the economic development of its members contributes to the revitalization of the wider region.

(C)(7) Self Help

St. Vincent and the Grenadines offers excellent opportunities for both local and foreign investors.

Based on the objective of creating a sound and balanced economy, diversified investment opportunities are now available for investors seeking viable ventures.

A generous set of investement incentives, including, amongst others, tax holiday; duty-free access; income tax exemption; etc. as well as political stability; social cohesion; low labour costs; good industrial relations and relatively well educated and adaptable labour force make the St. Vincent investment climate a healthy one.

An important vehicle in St. Vincent and the Grenadines' strive for a more balanced economy is the Development Corporation, established in 1970, which objective is to stimulate, facilitate and undertake the development of the State with specific emphasis on industrial and tourist development.

Its scope of responsibilities has widened with the merges of the Agriculture and Cooperative Bank into DEVCO, and include, inter alia, the construction of factory space (industrial estate); the provision of loans under a small industry credit scheme; the facilitation of further higher or technical education under a Student Loan Scheme etc.

The Government of St. Vincent and the Grenadines attaches a high priority to further encourage private investment, both local and foreign and the development of the economy.

(C)(8) Workers' Rights

The workers' right to organize and bargain collectively is fully protected in St. Vincent and the Grenadines by case law, and statute. By case law it was fully established by the Judicial Committee of the Privy Council in the United Kingdom. By law as follows—

(i) Section 11 of the Constitution (Statutory Instruments) (1979 No. 916) which provides for protection of freedom of assembly and association.

(ii) Wages Regulations (Shop Assistants) Order 1982 (No. 10 of 1982).

(iii) Wages Regulations (Industrial Workers) Order 1982 (No. 11 of 1982).

(iv) Wages Regulations (Agricultural Workers) Orders 1982 (12 of 1982).

(v) Wages Regulations (Domestic Workers) Order 1982 (No. 13 of 1982).

(vi) Protection of Employment Act 1980 (No. 16 of 1980).

(vii) Protection against Unfair Dismissals Notification 1982 (No. 50 of 1982).

(viii) Workman's Compensation Act 1963 (No. 22 of 1963).

In addition a Provident Fund has been established to provide for retirement benefits of non-pensionable persons.

The Accidents and Occupational Diseases (Notification) Act 1952 (No. 24 of 1952) and the Factories Act 1955 (No. 5 of 1955) include provisions regarding the Health and Safety of Workers.

(C)(9) Intellectual Property

The Copyright Act 1956 (U.K.) extends and applies to St. Vincent and the Grenadines by virtue of the Copyright (St. Vincent) Order (1967 Statutory Instruments No. 974).

Patents are provided for in St. Vincent and the Grenadines by the Patents Act Chapter 155 and by the Registration of United Kingdom Patents Act, Chapter 156.

Registration of United Kingdom Trade Marks Act 1940 (No. 5 of 1940) provides for registration of Trade Marks on proof that they are registered in the United Kingdom.

All these measures are United Kingdom in origin and are applicable and enforceable in St. Vincent and the Grenadines.

During litigation for infringement, an injunction to restrain the wrongdoer and to minimise damage may be secured from the High Court. Notice of Copyright, Patents and Trademarks are published in the Government Gazette and at least one newspaper of wide circulation in St. Vincent and the Grenadines.

The Acts themselves provide the answer to questions in (C)(9).

(C)(10) Private Broadcast of Copyright Material

This is not applicable to St. Vincent and the Grenadines. It is answered in (C)(9) above. St. Vincent and the Grenadines is not aware of any piracy of films, videotapes or television materials in the state.

There is provision in the Wireless Telegraphy Act 1949 (U.K.) which extends to St. Vincent and the Grenadines which makes it unlawful to broadcast without a license.

Any private entity seeking to broadcast must first obtain a licence from Government. The Government of St. Vincent and the Grenadines intends to scrutinize carefully any application to ensure that the applicant respects the right of Copyright holders.

(C)(11) Cooperation in Administration

St. Vincent and the Grenadines is fully prepared to cooperate with all reasonable procedures aimed at maintaining the integrity of the Caribbean Basin Recovery Act Trade provisions. This would

include, but not be limited to, appropriate certification procedures, monitoring compliance, and provision of information.

Sincerely yours,

R. MILTON CATO, P.C.
Prime Minister/Minister for Finance.

OFFICE OF THE PRIME MINISTER,
SAINT VINCENT AND THE GRENADINES,
West Indies, November 2, 1983.

Hon. WILLIAM E. BROCK,
U.S. Trade Representative, Office of the United States Trade Representative, Washington, D.C.

Hon. GEORGE P. SHULTZ,
Secretary of State, Department of State, Washington D.C., U.S.A.

DEAR MR. AMBASSADOR, DEAR MR. SECRETARY: My Government understands that after reviewing my letter of September 19th, 1983, the Government of the United States has a number of questions regarding the fulfillment of certain designation criterion of the Caribbean Basin Economic Recovery Act by St. Vincent and the Grenadines we wish to make the following additions to our previous letter in the hope of clarifying those issues:

Section 212B(1) addition: St. Vincent and the Grenadines is a Parliamentary Democracy.

Section 212B(2) addition: Intellectual Property of any type, including property protected by patents and trade marks is accorded the same protection against expropriation provided under the constitution for other types of property. There are no disputes involving United States citizens and the Government of St. Vincent and the Grenadines arising out of the nationalization of property.

Section 212B(3) addition: There are no instances in which our Government has failed to act in good faith in recognizing as binding or in enforcing such arbitral awards in favour of United States citizens or companies.

Section 212C(5) addition: The Government of St. Vincent and the Grenadines will keep under review its fiscal incentives related to exports, with the objective of avoiding distortions in its international trade. The Government of St. Vincent and the Grenadines agrees to consult with the United States Government if the United States believes that any trade promotion practices of the Government of St. Vincent and the Grenadines have a trade-distorting effect. The Government of St. Vincent and the Grenadines will also avoid the use of any performance requirements which would distort trade with the United States.

Section 212C(9) addition: The Government of St. Vincent and the Grenadines will provide adequate and effective protection of intellectual property rights held by foreign nationals.

The Government of St. Vincent and the Grenadines understands that the Caribbean Basin Economic Recovery Act recognizes the authority of the President of the United States to withdraw or suspend the beneficiary status of previously-designated countries. St. Vincent and the Grenadines agrees to notify the United States in the event of changes in any of the policies or practices discussed

above which might prove to be inconsistent with any of the designation criteria of the United States law. The Government of St. Vincent and the Grenadines would be prepared to consult with the United States Government upon request concerning such changes.

Sincerely yours,

R. MILTON CATO, P.C.,
Prime Minister/Minister for Finance.

II. COUNTRY VISITS

1. The Dominican Republic

A. GENERAL

The first destination on the delegation's visit was Santo Domingo, the capital of the Dominican Republic. This nation of nearly six million people is a strong, multiparty democracy which enjoys a leadership role in regional affairs. Its president, Salvador Jorge Blanco, played a significant part in supporting the concept and development of the CBI. During its visit, the delegation met with President Jorge Blanco and key members of his cabinet, the leadership of the Senate and Chamber of Deputies, and business representatives from both the local Chamber of Commerce and the U.S. investment community. Ambassador Anderson and other key U.S. embassy personnel ably briefed the delegation on the country's economic and security situation.

B. CBI DESIGNATION

The designation ceremony held in the Cabinet Room of the Presidential Palace was a major political event for President Jorge. The entire cabinet and many leaders of the Dominican business community were in attendance. In his remarks, the President indicated that increased commercial ties with the United States are the key to solving the serious and thus far intractable economic problems facing the country. In 1982, GNP fell by 3 percent and unemployment in Santo Domingo was estimated at over 25 percent. Despite the government's conservative monetary and fiscal policies, the public sector deficit remained high last year as lower prices for the Dominican Republic's main exports—sugar, coffee, cocoa, gold, and ferror-nickel—led to a severe balance of payments deficit, and a sharp drop in government revenue. Dominican foreign exchange earnings from sugar (which traditionally accounts for nearly one-half of export earnings) in 1982 declined by more than $200 million from 1981. The country has been hurt by high oil prices; it spends over $400 million per year on petroleum imports.

Against this backdrop of unhappy economic news, the passage of CBI and the increased interest of foreign (mostly U.S.) investors in bringing investment capital to the country have been particularly welcome news. The government of the Dominican Republic is trying to diversify the economy by making it less dependent on sugar, the country's main agricultural product. Industrial incentives are available for export industries. The diversification of the Dominican economy away from sugar production and processing is critical when it is realized that nearly one-half of Dominican export earnings goes to the purchase of petroleum. The processing of other agricultural products may offer the Dominican Republic

its best opportunity to improve its balance of trade in the near term.

The Caribbean Basin Initiative's trade measures will remove duties from many agricultural items which are not covered by the U.S. generalized preference scheme. This will improve the incentive to convert land currently devoted to traditional crops such as sugar to non-traditional produce. A project is being developed in this regard for the conversion of land to pineapple production. There is also much attention to the development of a shrimp farming project for processing and exporting shrimp to the United States. Both of these prospective new industries, while critically important to Dominican economic health, would have only a marginal effect on U.S. markets for these goods.

The CBI one-way free trade arrangement would have an immediate effect on nearly 40 percent of Dominican exports to the United States. While a large proportion of this liberalized trade is in sugar, the list of agricultural goods, both processed and unprocessed, which would be liberalized, make the CBI one-way free trade arrangement of special interest to the Dominican Republic.

C. FINANCIAL AND ECONOMIC PROBLEMS

In a private session with the delegation, President Jorge explained how serious the financial and economic problems facing the country have become. The external debt is extremely troubling to the government, and management of the debt crisis is likely to place continued political pressure on the government. In January 1983, the International Monetary Fund (IMF) approved a 3-year $455 million package to finance this debt. During those negotiations, the IMF pushed the government to cut spending, raise taxes, and reform foreign currency procedures. President Jorge used his majority in Congress to obtain passage of these necessary, but unpopular, austerity measures. The austerity measures initially suggested by the IMF have been partially successful. The government decreased its fiscal debt by about 71 percent for the first four months of 1983. However, there is a growing popular unrest with the continuing economic slump, and the austerity measures have caused intense criticism from opposition factions. President Jorge expressed dissatisfaction with the harshness of the IMF's terms and asked that the United States use its influence to moderate IMF policies. However, he did indicate that there is a general consensus within the government about the need to maintain restrictive fiscal policies and encourage export-led growth. President Jorge impressed the delegation as an extremely realistic and practical leader who is willing to follow through on a program of financial responsibility.

D. SUGAR EXPORTS

A recurring topic throughout most of the delegation's discussions was sugar. As the principal Dominican export, destined largely for the U.S., sugar has always been an important issue in U.S.-Dominican relations. The U.S. import quota on sugar, imposed in May 1982, restricts imports below traditional levels. However, the high U.S. price (relative to the world market) permits the Dominican

Republic to earn more foreign exchange than it would without a quota program. The country has the largest single quota allocation—17.6 percent of total U.S. imports.

While government officials did not advocate elimination of the quota, they did raise the issue of U.S. duties on sugar. Prior to CBI, the duty rate was 2.81 cents per pound, which the Dominican Republic was required to pay. Most other suppliers (i.e., all developing country small suppliers) have not paid the tariff for some time as a result of the Generalized System of Preferences (GSP). The CBI eliminates this requirement for the Dominican Republic as well. However, the government asked for early implementation of this duty elimination (retroactive to the date of passage of the legislation) to increase their foreign exchange earnings. The CBI gives the President discretion in the implementation process, not only as to country designation, but also as to date of designation for individual countries on their products; the Administration apparently was not disposed to grant the early date sought by the Dominican Republic. Removal of the U.S. sugar tariff will, as of January 1, 1984, increase Dominican earnings on sugar by $33 million per year.

E. REQUESTED TAX RELIEF

During a meeting with businessmen from the Dominican Republic, the delegation was informed that one of the major problems they face is access to sufficient capital. They suggested that the Committee on Ways and Means and the Congress consider amending Section 936 of the Internal Revenue Code, which permits a tax credit to corporations doing business in U.S. possessions and Puerto Rico, to permit the investment of earnings from those companies in the Dominican Republic. Under current law, if amounts subject to the 936 credit are invested outside the U.S. possessions or Puerto Rico, the income earned is not qualified investment income which also qualifies for the credit. The suggestion of the Dominican Republic businessmen is that amounts invested outside of the Puerto Rico and U.S. possessions would continue to qualify as income which would still have the benefits of the 936 credit. The delegation indicated that it would study the proposal to determine the relative merits of the suggestions and consider its broader policy implications.

2. Costa Rica

A. GENERAL

The highlights of the rather brief trip to Costa Rica included the CBI designation ceremony, an Embassy briefing, and a lunch with various business representatives. Costa Rica has a long history as one of the most stable democracies in the Caribbean region. As a result, it is most significant that it achieved the status of being one of the first countries to be designated under the Caribbean Basin Initiative.

B. CBI DESIGNATION

The CBI designation ceremony was conducted with the First Vice President of Costa Rica, Alberto Fait, who was acting President

during the delegation visit. Prior to the designation cermony, a private meeting was held with Mr. Fait and the delegation, and the discussion was very friendly and informative for both parties. The ceremony was covered by local television and newspaper representatives. Mr. Fait expressed the enthusiastic support which Costa Rica has for the Caribbean Basin Initiative. Costa Rica is one of the CBI countries with the greatest potential to benefit from CBI duty free treatment for its exports. Costa Rica has great potential to expand exports of nontraditional light manufacturers and to increase its market share of some more traditional products such as meat and plywood. There are also excellent opportunities for increased exports of fruits and vegetables. Whereas Costa Rica's virtual full employment situation in the mid-1970's hindered the expansion of some industries, the growing levels of unemployment in some sectors of the economy should permit the reorientation of the economy toward the export sector.

C. OTHER ISSUES

1. International Monetary Fund problems

The external debt situation of Costa Rica was discussed in several of the meetings held by the delegation during its visit. A large external debt was in existence when the current Administration of President Luis Alberto Monge took office in May 1982. At this point Costa Rica found itself in the midst of its worst economic crisis since the 1930's. The crisis was the result of both internal factors—an overvalued currency in the later 1970's and a burgeoning public sector deficit from funding a plethora of social projects—and external factors—a decline in world coffee prices and high world oil prices. Coffee is one of Costa Rica's largest export items. While the Monge Administration has made great strides toward reforming its economic program and thus qualifying for continued assistance from the International Monetary Fund (IMF), serious problems persist. Costa Rica has the highest per capita debt in Latin America, at approximately $1,700 per capita. In order to generate sufficient foreign exchange to service this debt, Costa Rica will have to continue its present austerity program and at the same time expand exports.

2. Possible assistance of the United States in extending road network toward Nicaraguan border

During meetings which were held with Embassy officials and during the meeting held with Mr. Fait, the possible assistance of the United States in the extension of Costa Rica's road network towards the Nicaraguan border was discussed. U.S. authorities originally described the assistance as involving armed American combat troops who would assist in the building of the road system. This quickly became a very sensitive subject because of the situtation in Nicaragua and the strong tendency of Coast Rica to avoid military entanglements. Apparently there remains some confusion as to the precise nature of assistance the United States should provide. It was subsequently explained that the Reagan Administration's proposal was to detail National Guardsmen in a noncombat capacity on 3-month details to assist in the roadbuilding operation. It was

nevertheless apparent to the delegation that the Monge Administration is not enthusiastic about assistance involving any noncivilian personnel. The clear message from Mr. Fait's remarks was that even the appearance of military involvement on the part of the United States in this effort would jeopardize Costa Rica's neutrality.

3. JAMAICA

A. GENERAL

The visit of the delegation to Jamaica offered ample opportunity for the delegation to meet with government officials, businessmen, and Embassy personnel in both a formal and informal setting. As a result, the exchange of information and ideas was very productive. Extensive meetings were held with Prime Minister Seaga, members of the opposition party, various businessmen from Jamaica and other businessmen interested in further investment in Jamaica. The delegation also received a very professional and highly detailed briefing of the current economic and political situation from Ambassador Hewitt, Economic Counselor Al Larsen, and other Embassy personnel.

B. CBI DESIGNATION

The CBI designation ceremony received widespread media attention in Jamaica. Prime Minister Seaga used the opportunity to commend the United States for enacting this important legislation at a time when the U.S. economy was depressed. He explained at length what Jamaica is doing to put its own economic house in order so that it can benefit from the program. His presentation greatly impressed the members of the delegation, particularly since it communicated very clearly the critical importance of CBI to his plan for restoring the nation's economic stability.

Jamaica's balance of trade is heavily dependent on the sales of bauxite and alumina. Other key foreign exchange earners are sugar, bananas, rum, cocoa, and clothing. Jamaica should benefit greatly from the extension of duty free access under the terms of the CBI. Jamaica has been precluded from shipping many tropical fruits and vegetables, both in fresh and processed form, because of the duties which remain on these products. The same situation holds for rum sales. Nearly one-third of current dutiable Jamaican exports to the United States will be liberalized under the CBI trade scheme. This figure will certainly rise as Jamaica diversifies into such non-traditional areas as shrimp farming and other agricultural-based industries.

C. OTHER ISSUES

1. Elections

Just prior to the delegation's arrival in Jamaica, Prime Minister Seaga had announced elections for December 15, 1983. This had generated a significant amount of opposition from the People's National Party ("PNP") because of their claim that Seaga had not fulfilled a promise not to hold elections until certain electoral reforms

had been completed. While the delegation did not plan to meet with the PNP prior to its arrival in Jamaica, requests were made by representatives of the PNP for an opportunity to meet with the delegation. This request was honored and a meeting was held between members of the delegation and members of the PNP. No personnel from the U.S. Embassy participated in this meeting. Members of the delegation expressed their reluctance to become involved in an internal political dispute and pointed out that the purpose of the visit to Jamaica was principally related to the CBI designation process. They did, however, provide a lengthy opportunity to the PNP to express and describe their position relative to the upcoming elections. During the delegation's private meeting with Prime Minister Seaga, the Prime Minister responded to the points raised by the PNP representatives in a concise and precise manner. He also indicated that there was a clear recognition of the need to afford opportunities for all significant interest groups to provide input into the legislative process, since it appeared that the new Parliament would not have opposition party representation.

2. Grenada situation

During meetings with Prime Minister Seaga, Major General Neish of the Jamaica Defence Force, and private businessmen, the issue of Grenada was discussed repeatedly. The general thrust of the comments of all individuals involved was that Jamaica was extremely grateful for the assistance which the United States provided in that situation. Moreover, Prime Minister Seaga expressed the opinion that Cuba would be much more reluctant to engage in any adventurous activity in the Caribbean, at least in the near future, as a result of the Grenada experience. Seaga indicated that this was a positive development for which all countries of the Caribbean should be grateful. Major General Neish described the nature of Jamaica's participation in the Caribbean Defense Force, which worked with the United States forces in Grenada, and indicated that it was expected that Jamaica would increase its participation in the Caribbean Defense Force sometime after the time of the elections, which were scheduled for December 15, 1983.

4. Barbados and Other Eastern Caribbean Countries

A. GENERAL

During its visit to Barbados, the delegation met with U.S. Ambassador Milan Bish, Vice President St. John, and other officials of the Government of Barbados. There were also private sessions with leaders of four other Eastern Caribbean countries, including Prime Minister Charles of Dominica, Deputy Prime Minister Mallet of St. Lucia, Deputy Prime Minister Tannis of St. Vincent and the Grenadines, and Attorney General Seaton of St. Christopher and Nevis. In addition, the delegation had a separate meeting with local business representatives to discuss CBI implementation.

B. CBI DESIGNATION

The delegation hosted a formal designation ceremony attended by representatives of all five countries. Prior to the ceremony,

there was a lengthy private session with the five representatives to discuss the opportunities and the problems relating to CBI designations. The general attitude was one of extreme optimism that the CBI would be of great value to the region. The five leaders impressed upon the delegation that recent events had accelerated a trend for the English speaking countries of the Eastern Caribbean to shift their focus from the United Kingdom to the United States. They indicated that public opinion in the area toward the United States was generally very favorable and were optimistic that the region's tradition of democratic government and private enterprise would continue. They stressed, however, that the generally depressed economic conditions in the area and the high unemployment and underemployment were principal threats to stability in the region and that improved trade with the United States was necessary if the situation were not to deteriorate over time. They also pointed out that increased trade would undoubtedly be favorable to the United States as well, because the United States has a very favorable trade balance with the region and that any economic upturn in the area would increase their ability to acquire imports of goods and services from the United States upon which their economies are dependent.

One issue raised by the various governments was the need for direct aid as well as improved access to U.S. markets. Because of the size of their economies, they believed that such assistance would be needed so they could make the necessary improvements to their basic infrastructures to enable them to undertake increased trade with the United States. They also expressed concern that while they anticipated and appreciated increased U.S. aid to Grenada, their needs were significant as well.

On several occasions, the question of whether the CBI would be expanded was raised. In particular, inquiries were made as to the likelihood that textiles might be included. The delegation indicated that the exemptions from duty-free treatment in the legislation arose out of domestic economic considerations, and that with the growing deficit in textiles trade it was unlikely that Congress would remove the textile exemption in the foreseeable future.

C. TERMINATION OF EXISTING TAX TREATIES

One item of major concern to the Government of Barbados and local business representatives with whom the delegation met was the impending termination of the existing income tax treaty between the United States and Barbados.

In 1959, the United States extended to Barbados the (now superseded) U.S.-United Kingdom income tax treaty of 1945. This extension reflected the U.S. policy of that time to extend that treaty to colonies of the United Kingdom as they moved toward independence. In June 1983, the United States unilaterally terminated the income tax treaty with Barbados (and with 17 other former British and Belgian colonies). That termination will be effective on January 1, 1984. Treasury stated that: "The terminations occurred because, as extensions of old treaties with developed countries, they do not reflect the economic relationship between the United States

and these respective jurisdictions. In addition, several of these treaties are susceptible to abuse."

Representatives of the Government of Barbados in several discussions, both formal and informal, made it very clear that it is of great importance to Barbados that the United States rescind its decision to terminate the current treaty so as to allow it to remain in force for a reasonable period of time beyond January 1, 1984, while negotiations for the conclusion of a new treaty take place. They indicated that the announcement to terminate came as a surprise to Barbados, and it was perceived as a hostile and discriminatory action. They made the points that the decision to terminate was taken without consultation with Barbados, and that it would be much preferable to follow the usual practice of retaining the status quo while renegotiating our treaty relationship. They have indicated their willingness to consider significant concessions, but the December 31 termination date imposed an impractical deadline for renegotiation of a new treaty (negotiations were scheduled to commence the week of December 18). Most importantly, they contended that substantial economic harm would come to Barbados if an interruption should occur in their tax treaty relationship with the United States. They felt serious economic harm would be unavoidable if the termination occurs even though they understood that the United States was willing to have any new treaty retroactive to January 1, 1984. They maintained that would be particularly true, because in a situation they viewed to be substantially the same, the United States has not terminated its treaty with the Netherlands Antilles during the pending treaty renegotiations.

D. EXCHANGE OF INFORMATION; DEDUCTIONS FOR CONVENTIONS

The CBI provisions allow business expense deductions for attending conventions held in certain Caribbean countries, but only if the countries agree to exchange tax information with the United States. The statute contemplates two kinds of exchange-of-information agreements: a standard agreement or a limited agreement. Under a *standard* agreement, the country will have to agree, on a reciprocal basis to furnish information about U.S. civil and criminal tax matters to U.S. tax officials. It will have to override any local rules requiring secrecy about the ownership of bank accounts or bearer shares. Under a *limited* agreement, exchange of bearer share and bank account information for *civil* tax purposes will not be required if the President determines that such an exception is in the security interest of the United States and if the Secretary of the Treasury cannot negotiate a standard agreement and determines that a limited agreement will assist the enforcement of U.S. tax laws. The Caribbean country will still have to agree to exchange tax information for *criminal* tax purposes.

Officials of the Government of Barbados indicated that they felt the exchange of information requirements were unreasonable. In their view, they require that Barbados secure from investors and provide to the United States information that the United States does not require of its own taxpayers. They felt that to require such information would be an unwarranted invasion of privacy and unreasonable in view of their belief as to lack of reciprocity.

E. ACCESS OF BARBADOS EXPORTS OF SUGAR TO THE U.S. MARKET

The sugar industry is the most important sector of the economy of Barbados in terms of both foreign exchange and employment. Government officials stated that the sugar industry in Barbados, which is 80 percent privately owned, is now in a critical financial situation as a result of low world market prices and that, consequently, greater access to the U.S. market would be an enormous help to Barbados.

Under the present import quota system, Barbados has been allocated a quota of 0.7 percent of the total imports permitted. For the year 1983–84, this represents an amount of 20,650 short tons. Overall sugar export earnings of Barbados declined from $53 million in 1980 to $26 million in 1981. Sugar sales to the United States in 1981 fell by $18 million, or 66 percent of the previous year's total. Prior to the introduction of quotas by the United States in 1982, Barbados exported all of its raw sugar export availability, in excess of its contractual exports to the EEC, to the United States. With its current U.S. quota, Barbados must dispose of approximately half of its annual production on the world market at prices that currently are below its production cost. The Government of Barbados estimates the present cost of production to be roughly $500 per ton, while the world market price is currently roughly $190 per ton.

F. THE GRADUATION POLICY OF THE WORLD BANK

The current policy of the World Bank is to consider the termination of lending to a country once its per capita GNP reaches $1,000 in 1970 dollars which in 1980 prices, adjusted for exchange rates, is $2,650.

Since Barbados reached a per capita GNP of U.S. $2,960 in 1982, the management of the bank is expected to recommend to the Board of Directors at its meeting in January 1984 that Barbados be graduated with a phase-out lending program.

Although the Government of Barbados does not oppose the idea of graduation as such, they have serious, concerns about the manner in which it may be applied to Barbados. They contend that the methodology to compute per capita GNP is misleading for very small developing countries such as Barbados and, further, that per capita GNP may not be an appropriate indicator for such economies of their level of development, management capacity, and access to capital markets on reasonable terms.

5. GRENADA

The delegation visited Grenada on Saturday, December 10, 1983. A briefing at a military headquarters was followed by a helicopter tour of the island. The delegation then met with Governor General Scoon at his St. George's residence. This meeting was followed by a working luncheon with members of the Governor General's Advisory Council and local private sector leaders.

The delegation's visit to Grenada occured about two months after American troops had arrived on the island and, in conjunction with units from other Caribbean countries, had established peace and order following the assassination of Prime Minister Bishop. At the

short briefing, Ambassador Gillespie and several military officers provided the delegation with information on events that preceded and precipitated the arrival of U.S. troops in Grenada, major aspects of the military operation, and a status report on the current military and political situation. The delegation was also briefed on the economy in Grenada.

Based on information received by the delegation, it appeared that, whatever the role of outside countries, the internal political situation in Grenada had been somewhat unstable for several years, as indicated by the incarceration of upwards of 100 political prisoners under the Bishop Government. Just preceding and subsequent to the assassination of Prime Minister Bishop on October 19, which was six days before the American troops arrived, the political situation had seriously deteriorated. The delegation was told that, following the assassination, uncontrolled armed military personnel roamed the streets terrorizing the population.

According to information provided at the briefing, the intervention by American forces and units from other Caribbean nations appeared to have been timely and effective. Quickly, and with what appeared to be a minimum amount of bloodshed and damage, the American forces restored peace and safety to the residents of Grenada. Embassy officials were doubtful that order could have been established, at least not for some time, without the intervention of the United States or some other outside government.

Military officials indicated that there was a high level of cooperation between the American military and the Grenadians. We were told that the Grenadians, with few exceptions, were genuinely grateful to the American forces for the restoration of order and have warmly received American military personnel. In relation to this, members of the delegation heard comments from residents about how "polite" and "considerate" they found the American soldiers to be, including, as one person said, the young paratroopers that landed quite unexpectedly on her front lawn.

At the time of the delegation's visit, the situation in Grenada had stabilized and the American military was preparing for the removal of combat troops and equipment from the country. The C–5 and C–141 airforce transport planes that would be returning over two thousand American soldiers and military equipment from Grenada to the U.S. within a matter of days had already arrived in Barbados. We were told that the U.S. would be leaving behind a small contingent of non-combat personnel that would include Army engineers, military advisors and policemen, and air and coastal surveillance units to assist the Caribbean Peace Force in maintaining order until a local police force could be reconstituted by the Grenadian government.

In our meeting with Governor General Scoon, a native Grenadian who is heading the interim government, he acknowledged the importance of the U.S. intervention in Grenada and expressed his gratitude. He said the murder of Bishop, followed by uncontrolled bands of armed soldiers roaming the streets, was a tremendous shock to the nation. He said you had to have lived in Grenada and been there when the violence occurred to understand how shocked and distressed Grenadians were that such a situation could develop and such fear could exist in their country.

The Grenadian people, the Governor General said, have always thought of the United States as a friend, and sending American soldiers when we did was the ultimate act of friendship.

Governor General Scoon discussed briefly the activities of the interim government, composed completely of Grenadians, that had been established. He emphasized the independence of the interim government, stating that he and the Advisory Council, whose members he had appointed, are making the decisions that they hope will restore normalcy to the country. He said they will conduct elections within a year which will establish an elected democratic government in Grenada.

Like the other Caribbean nations, Grenada had serious economic problems prior to the assassination of Bishop. Reflecting the severe impact the world wide increase in oil prices, recession and inflation have had on the small Caribbean nations, unemployment was high, economic growth was modest and the national debt was increasing rapidly. At the time of the delegation's visit, the export economy in Grenada as well as tourism remained virtually nonexistent. The development of a vital economy, in conjunction with the political stabilization of the country, are the major problems and objectives facing the interim as well as futute governments in Grenada.

Members of the delegation questioned Ambassador Gillespie, Governor General Scoon and others about the role the CBI and private investment from the U.S. and other nations might play in the economic recovery of Grenada, and what might be done to encourage appropriate private sector investment and enhance the effect of the trade and tax provisions contained in the CBI legislation. The response seemed to be positive with respect to the potential for CBI to have a positive impact on the economy. However, in response to questions, the Ambassador said that he did not believe the American presence would give American investors any advantage over those from other nations. He pointed out that business concerns from various countries had already been in Grenada looking into investment opportunities, and that neither he nor the military had any direct involvement in this type of economic activity.

Governor General Scoon emphasized the need for private sector involvement in the political and economic stabilization of the country, and for business investments from the U.S. as well as other countries. He was most appreciative of the direct economic aid that Grenada had received from the U.S. and for the passage of the CBI legislation which he believed will be effective in expanding export opportunities for his country. At the same time the delegation was in Grenada, a team from the United States Trade Representative was there discussing with the interim government the requirements and conditions that must be met for Grenada to qualify for CBI certification. And, on December 30, 1983, Grenada was certified as a CBI beneficiary country.

III. APPENDIX

A.—SELECTED ARTICLES FROM THE CARIBBEAN PRESS

1. Listin Diario, Dominican Republic, December 3, 1983

ROSTENKOWSKI STATES JORGE BLANCO VALUES COOPERATION OF THE UNITED STATES

BY JULIO NAVARRETE

The President of the Ways and Means Committee of the House of Representatives of the United States said yesterday that President Salvador Jorge Blanco recognized "the sincerity, stability and effort" of his government in the economic expansion of the Dominican Republic.

Mr. Dan Rostenkowski expressed himself in those terms while speaking yesterday morning in the National Palace, where he delivered the certificate which qualifies the Dominican Republic for President Ronald Reagan's Caribbean Basin Initiative.

Rostenkowski, who is a democratic representative for the State of Illinois, stated that the Americans "have learned that the Caribbean Basin Initiative has become the real measure, not only of our diplomatic loyalty but also of our effort in maintaining lasting ties with the market in the region."

In his speech, the American legislator made an observation about democratic systems when he referred to the obstacles which faced President Reagan's initiative in Congress.

"One of the weak points of democratic government is the time spent in building awareness and trying to achieve support for a cause, no matter how valuable it is".

"A mutual economic plan for the Caribbean was one of the first causes which brought together a Republican President and a Democratic House of Representatives in my country", he stated.

"Even so, he noted, months passed before we could overcome our legislative obstacles".

Rostenkowski stated that finally "we managed to convince a great majority of Congress that commerce and investment will benefit both countries and that the bridges built on economic promise will last longer than ones built on mutual defense".

He then referred to the visit he made to this country a year ago to "listen" to the government officials and the private sector concerning Reagan's initiative for the Caribbean Basin.

"In President Jorge Blanco I came to recognize sincerity, stability and the interest of his government in economic expansion", he stated.

He added that "in observing a young man working on the other side of the city, in a small store where they sold sandals, I began to see the industriousness of his country and the possibilities for each individual".

In the opinion of the President of the Ways and Means Committee of the American House of Representatives, Jorge Blanco and the young man selling sandals "in their different functions, shaped what is now the basis in the United States relations in the Caribbean".

In his speech, translated into Spanish, Rostenkowski said: "today is a day of mutual celebration between our countries.

We have, in this room of the National Palace, travelled together a great distance in a short time".

He said that a year ago there were tremendous doubts in the region with respect to the willingness of the United States to maintain its historical alliances".

"We found", he added, direct effect of recessions which is now giving in to worldwide economic recovery.

Referring to the success obtained by Reagan in the U.S. Congress for his initiative, the legislator said, in a room filled with government officials, journalists and TV cameramen, "the political victory is behind us. The economic test is ahead".

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The change from English to Spanish did not take away the emotionalism of the moment when he remarked "today is the beginning of a new phase in the Caribbean Basin Initiative."

"The next few days will determine, according to an American saying, if we are going to be successful or not".

"We can talk endlessly about the need to establish wide economic ties. We can promulgate laws which will open the doors to mutual prosperity".

And he warned: "but unless investors and producers of our two nations enter those doors, the Caribbean Basin Initiative, will go into history simply as another meaningless gesture. That is our challenge", he added.

He then surprised the audience when he said "we here, are politicians. We spend most of our careers fighting with immediate problems. Rarely do our hands forge an idea, which, if successful, will outlive us all".

"Seldom can we make a promise to another generation", he added.

"In that spirit President Reagan has honored me by choosing me to transmit his personal message, to designate the Dominican Republic among the first to be certified as beneficiaries of the Caribbean Basin Initiative", he said.

The Secretary to the Presidency, licenciado Hatuey De Camps, introduced government officials and local businessmen who attended the ceremony.

At the end President Jorge Blanco and the visit, headed by Representative Rostenkowski, exchanged gifts and saluted the country's businessmen.

2. Listin Diario, Dominican Republic, December 3, 1983

THE REAGAN PLAN

In an interesting official act which took place yesterday morning in the National Palace, the President of the Republic, Doctor Salvador Jorge Blanco, received the official notice of the designation of the Dominican Republic as among the first countries to benefit from the Caribbean Basin Initiative, from U.S. congressman Dan Rostenkowski.

Congressman Rostenkowski categorically stated: "The political victory is behind us. The economic trial is ahead. Today starts a new phase in the President's Caribbean Basin Initiative. The coming days will determine, as an American saying goes, the Caribbean Basin Initiative."

President Jorge Blanco said that the Caribbean Basin Initiative will enable traditional and non-traditional products, "with the market offered in the United States, free of old obstacles, be they duties or taxes, to find a better acceptance in the United States". He also added that exports of local products will increase with consequent benefit to the country.

We consider that this designation is a great challenge to the productive capacity of the Dominican people, as well as to the efficient handling that the government of the Dominican Republic may give this opening.

The elimination of certain obstacles offers the possibility of a massive increase in the volume of exports of articles which we could produce, in competition with other countries which will receive the same benefit as we do.

It is now necessary that partisan politics not interfere with the creative activities of commerce and industry in their export programs, and that the government be the conductor at all times of this march towards national recovery.

The Dominican Republic, conveniently situated in the geographic proximity of the United States, has a great opportunity before it. It cannot be wasted. Together in a joint effort goals will be met for the benefit of all the Dominican people.

3. La Republica, Costa Rica, December 6, 1983

THE NATION IS OFFICIALLY SELECTED FOR THE CARIBBEAN BASIN PROGRAM

The article reports that Congressman Dan Rostenkowski presented Acting Costa Rican President Alberto Fait with certification that Costa Rica can officially use the facilities of the Caribbean Initiative.

The Chairman of the House Ways and Means Committee told Fait that "Costa Rica is seen as an island of stability in a turbulent sea."

The Congressman reviewed the history of the plan and discussed its difficult passage through the U.S. legislative process.

The Congressman said he was honored to be chosen to act as the personal representative of President Reagan in presenting Costa Rica with its certification as one of the first participant countries in the Caribbean Basin Initiative.

The American Congressman presented the certification to Vice President Fait who said that "Costa Rica has carefully prepared itself to take advantage of this program which will be of great benefit for the country."

"On behalf of the government (of Costa Rica) I accept this honor from the government of the United States. I am sure that we will be worthy of this distinction."

President Reagan's representative was accompanied by five American legislators.

The photo is captioned: "President Reagan's representative, Dan Rostenkowski, yesterday presented Acting President Alberto Fait with the certification which will permit Costa Rica to take advantage of the benefits of the Caribbean Basin Initiative program."

4. La Nacion, Costa Rica, December 6, 1983

CERTIFICATION ALLOWING THE COUNTRY TO PARTICIPATE IN THE REAGAN PLAN IS PRESENTED

The article reports that a delegation headed by Congressman Dan Rostenkowski (D. Ill.) met with the First Vice President of Costa Rica, Engineer Alberto Fait, to present official certification for Costa Rica to participate in the Caribbean Basin Initiative. The article reported that Vice President Fait reaffirmed his government's interest in the plan, adding "The time is at an end when countries such as Costa Rica must pay high interest rates for their loans. What is needed now are economic measures appropriate to the development aspirations of the (Costa Rican) people, and which are also conducive to the conservation of democracy."

The Costa Rican Vice President called for a United States "reconquest" of the entire continent, "but one that is democratic, based on mutual support and solidarity and which is non-military."

Congressman Rostenkowski praised the peaceful and democratic tradition of Costa Rica. "I have the honor to have been chosen by President Reagan to carry his personal message wherein he designates Costa Rica as one of the first countries to be certified for participation in the Caribbean Basin Initiative."

The accompanying photo shows chairman Rostenkowski with other members of the delegation.

5. The Daily Cleaner, Jamaica, December 8, 1983

PM GETS LETTER DESIGNATING JAMAICA CBI BENEFICIARY

A U.S. congressional delegation, led by Ways and Means Committee Chairman, Dan Rostenkowski, left here yesterday after presenting Prime Minister Edward Seaga with a personal letter from President Ronald Reagan officially designating Jamaica as one of the first beneficiaries under the Caribbean Basin Initiative.

On their two-day visit the U.S. Congressmen held talks with Mr. Seaga and other government officials on matters relating to the CBI.

In his welcome to the delegation at the Rosehall Beach Hotel yesterday morning, Mr. Seaga said "we have reached the end of the road of a long journey in the passage of the CBI legislation and in its implementation".

He said that the certification process which Jamaica had participated in "has also been a milestone achievement, in the sense that this morning we will be the beneficiary of certification under the CBI, which means that Jamaica satisfied all the requirements of the legislation".

Mr. Seaga said passage of the legislation was not easy "because it came at a time when the U.S. itself was experiencing great economic difficulty. And that is all the more reason why great tribute should be paid to the members of Congress for the support that they gave to the CBI."

He expressed special appreciation for the support given by Mr. Rostenkowski who, he said, played a pivotal role through the U.S. House of Representatives.

Mr. Seaga said that "the CBI is not an automatic system which will provide benefits for the countries of the Caribbean it provides opportunities".

But, he added, "all of those opportunities can be missed if Caribbean countries do not put their house in order. If Caribbean countries are able to produce competitively, then the fact that there is a one-way free trade area which allows for duty-free entry and tariff-free entry of goods into the United States market place for a multitude of items will be of no benefits".

He said the next critical move must be the structural adjustment of the Caribbean economy to ensure that the manufacturing and other production sectors were able to produce goods on a competitive basis to take advantage of the benefits that will be accorded under the CBI.

Mr. Seaga said Jamaica had been going through the process of reversing the trends that had been established out of necessity over the past two decades in which import substitution had been the order of the day, with high protective barriers to imported competitive goods.

Mr. Seaga said imports were being allowed to compete with local production to bring about competitiveness "not for the sake only by of the Jamaican consumer, but for the sake of enabling it to compete in third-country markets where it can earn greater foreign exchange and that can earn greater foreign exchange and that can provide larger numbers of jobs for the benefit of the Jamaican work-force".

This process, he said, had attracted mixed reactions with those whom he termed, short-sighted being opposed to it, while those with positive response understood that it was only by making Jamaican production competitive that the manufacturing sector could be a net earner of foreign exchange.

He said the opportunity of the CBI "now leaves us in a position where we either seize them or fail to seize them".

Congressman Rostenkowski commented that the political victory "is now behind us, the economic test lies ahead". He said "the days ahead will determine whether we are going to 'fish or cut bait' ".

He declared: "We can speak forever about the need for broader economic ties. We can make laws that open the doors to our mutual prosperity. But unless investors and producers from both our nations walk through those doors, the CBI will go down in history as just another hollow gesture. That is cur challenge".

6. Barbados Advocate, Barbados, December 10, 1983

PRODUCERS TOLD: CBI IS FOR YOU

American and Caribbean investors and producers have been warned that unless they made use of the opportunities offered under the Caribbean Basin Initative (CBI), then the aid, trade, and investment package will go down in history as another hollow gesture.

Issuing the warning was Dan Rostenkowski head of a visiting American Congressional team which yesterday presented certificates to Barbados and four other Caribbean states designating them beneficiaries of the CBI.

"We can speak forever about the need for broader economic ties. We can make laws that open the doors to mutual prosperity.

"But unless investors and producers from both our nations walk through those doors, the Caribbean Basin Initiative will go down in history as just another hollow gesture. That is our challenge." he declared.

Countries receiving their certificates were Barbados, Dominica, St. Lucia, St. Kitts-Nevis and St. Vincent and the Grenadines. Agriculture Minister Dr. Richard Cheltenham accepted on behalf of this country.

Dominica's Prime Minister Eugenia Charles, St. Lucia's Deputy Prime Minister George Mallet, St Vincent and the Grenadines' Deputy Prime Minister Hudson Tannis and St. Kitts-Nevis' Attorney-General Tapley Seaton all represented their countries.

Under the CBI proposals the American Government is allocating more than U.S. $350 million to the region, and granting duty free access to most exports from the participating states to the U.S.

Mr. Rostenkowski is chairman of the Committee on Ways and Means, U.S. House of Representatives. The session was held at the Sandy Lane Hotel.

He said that "on our travels a year ago we discovered deep doubt in the region over the willingness of the U.S. to stand by its historic alliances."

He went on: "We encountered first hand the impact of the recession that is only now yielding to real economic recovery around the world."

The Congressional official stated it had been learned that the CBI had become the real measure of not only American diplomatic loyalty, but its commitment of lasting market ties with the region.

He added that a mutual economic plan for the Caribbean was one of the first causes to unite a Republican President and a Democratic House of Representative in his country.

The delegation leaves today for Grenada.

B.—TITLE II OF PUBLIC LAW 98-67, THE CARIBBEAN BASIN ECONOMIC RECOVERY ACT

TITLE II--CARIBBEAN BASIN INITIATIVE

SEC. 201. SHORT TITLE.

This title may be cited as the "Caribbean Basin Economic Recovery Act".

Subtitle A—Duty-Free Treatment

SEC. 211. AUTHORITY TO GRANT DUTY-FREE TREATMENT.

The President may proclaim duty-free treatment for all eligible articles from any beneficiary country in accordance with the provisions of this title.

SEC. 212. BENEFICIARY COUNTRY.

(a)(1) For purposes of this title—

(A) The term "beneficiary country" means any country listed in subsection (b) with respect to which there is in effect a proclamation by the President designating such country as a beneficiary country for purposes of this title. Before the President designates any country as a beneficiary country for purposes of this title, he shall notify the House of Representatives and the Senate of his intention to make such designation, together with the considerations entering into such decision.

(B) The term "entered" means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.

(C) the term "TSUS" means Tariff Schedules of the United States (19 U.S.C. 1202).

(2) If the President has designated any country as a beneficiary country for purposes of this title, he shall not terminate such designation (either by issuing a proclamation for that purpose or by issuing a proclamation which has the effect of terminating such designation) unless, at least sixty days before such termination, he has notified the House of Representatives and the Senate and has notified such country of his intention to terminate such designation, together with the considerations entering into such decision.

(b) In designating countries as "beneficiary countries" under his title the President shall consider only the following countries and territories or successor political entities:

Anguilla
Antigua and Barbuda
Bahamas, The
Barbados
Belize
Costa Rica
Dominica
Dominican Republic
El Salvador
Grenada
Guatemala
Guyana
Haiti
Honduras
Jamaica
Nicaragua
Panama
Saint Lucia
Saint Vincent and the Grenadines
Suriname
Trinidad and Tobago
Cayman Islands
Montserrat
Netherlands Antilles
Saint Christopher-Nevis
Turks and Caicos Islands
Virgin Islands, British

In addition, the President shall not designate any country a beneficiary country under this title—

(1) if such country is a Communist country;

(2) if such country—

(A) has nationalized, expropriated or otherwise seized ownership or control of property by a United States citizen or by a corporation, partnership,

or association which is 50 per centum or more beneficially owned by United States citizens,

(B) has taken steps to repudiate or nullify—

(i) any existing contract or agreement with, or

(ii) any patent, trademark, or other intellectual property of,

a United States citizen or a corporation, partnership, or association which is 50 per centum or more beneficially owned by United States citizens, the effect of which is to nationalize, expropriate, or otherwise seize ownership or control of property so owned, or

(C) has imposed or enforced taxes or other exactions, restrictive maintenance or operational conditions, or other measures with respect to property so owned, the effect of which is to nationalize, expropriate, or otherwise seize ownership or control of such property, unless the President determines that—

(i) prompt, adequate, and effective compensation has been or is being made to such citizen, corporation, partnership, or association,

(ii) good-faith negotiations to provide prompt, adequate, and effective compensation under the applicable provisions of international law are in progress, or such country is otherwise taking steps to discharge its obligations under international law with respect to such citizen, corporation, partnership, or association, or

(iii) a dispute involving such citizen, corporation, partnership, or association, over compensation for such a seizure has been submitted to arbitration under the provisions of the Convention for the Settlement of Investment Disputes or in another mutually agreed upon forum, and

promptly furnishes a copy of such determination to the Senate and House of Representatives;

(3) if such country fails to act in good faith in recognizing as binding or in enforcing arbitral awards in favor of United States citizens or a corporation, partnership or association which is 50 per centum or more beneficially owned by United States citizens, which have been made by arbitrators appointed for each case or by permanent arbitral bodies to which the parties involved have submitted their dispute;

(4) if such country affords preferential treatment to the products of a developed country, other than the United States, which has, or is likely to have, a significant adverse effect on United States commerce, unless the President has received assurances satisfactory to him that such preferential treatment will be eliminated or that action will be taken to assure that their will be no such significant adverse effect, and he reports those assurances to the Congress;

(5) if a government-owned entity in such country engages in the broadcast of copyrighted material, including films or television material, belonging to United States copyright owners without their express consent;

(6) if such country does not take adequate steps to cooperate with the United States to prevent narcotic drugs and other controlled substances (as listed in the schedules in section 202 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 812)) produced, processed, or transported in such country from entering the United States unlawfully; and

(7) unless such country is a signatory to a treaty, convention, protocol, or other agreement regarding the extradition of United States citizens.

Paragraphs (1), (2), (3), and (5) shall not prevent the designation of any country as a beneficiary country under this Act if the President determines that such designation will be in the national economic or security interest of the United States and reports such determination to the Congress with his reasons therefor.

(c) In determining whether to designate any country a beneficiary country under this title, the President shall take into account.

(1) an expression by such country of its desire to be so designated;

(2) the economic conditions in such country, the living standards of its inhabitants, and any other economic factors which he deems appropriate;

(3) the extent to which such country has assured the United States it will provide equitable and reasonable access to the markets and basic commodity resources of such country;

(4) the degree to which such country follows the accepted rules of international trade provided for under the General Agreement on Tariffs and Trade, as well as applicable trade agreements approved under section 2(a) of the Trade Agreements Act of 1979;

(5) the degree to which such country uses export subsidies or imposes export performance requirements or local content requirements which distort international trade;

(6) the degree to which the trade policies of such country as they relate to other beneficiary countries are contributing to the revitalization of the region;

(7) the degree to which such country is undertaking self-help measures to promote its own economic development;

(8) the degree to which workers in such country are afforded reasonable workplace conditions and enjoy the right to organize and bargain collectively;

(9) the extent to which such country provides under its law adequate and effective means for foreign nationals to secure, exercise, and enforce exclusive rights in intellectual property, including patent, trademark, and copyright rights;

(10) the extent to which such country prohibits its nationals from engaging in the broadcast of copyrighted material, including films or television material, belonging to the United States copyright owners without their express consent; and

(11) the extent to which such country is prepared to cooperate with the United States in the administration of the provisions of this title.

(d) General headnote 3(a) of the TSUS (relating to products of the insular possessions) is amended by adding at the end thereof the following paragraph:

"(iv) Subject to the provisions in section 213 of the Caribbean Basin Economic Recovery Act, articles which are imported from insular possessions of the United States shall receive duty treatment no less favorable than the treatment afforded such articles when they are imported from a beneficiary country under such Act.".

(e) The President shall, after complying with the requirements of subsection (a)(2), withdraw or suspend the designation of any country as a beneficiary country if, after such designation, he determines that as the result of changed circumstances such country would be barred from designation as a beneficiary country under subsection (b).

SEC. 213. ELIGIBLE ARTICLES.

(a)(1) Unless otherwise excluded from eligibility by this title, the duty-free treatment provided under this title shall apply to any article which is the growth, product, or manufacture of a beneficiary country if—

(A) that article is imported directly from a beneficiary country into the customs territory of the United States; and

(B) the sum of (i) the cost or value of the materials produced in a beneficiary country or two or more beneficiary countries, plus (ii) the direct costs of processing operations performed in a beneficiary country or countries is not less than 35 per centum of the appraised value of such article at the time it is entered.

For purposes of determining the percentage referred to in subparagraph (B), the term "beneficiary country" includes the Commonwealth of Puerto Rico and the United States Virgin Islands. If the cost or value of materials produced in the customs territory of the United States (other than the Commonwealth of Puerto Rico) is included with respect to an article to which this paragraph applies, an amount not to exceed 15 per centum of the appraised value of the article at the time it is entered that is attributed to such United States cost or value may be applied toward determining the percentage referred to in subparagraph (B).

(2) The Secretary of the Treasury shall prescribe such regulations as may be necessary to carry out this subsection including, but not limited to, regulations providing that, in order to be eligible for duty-free treatment under this title, an article must be wholly the growth, product, or manufacture of a beneficiary country, or must be a new or different article of commerce which has been grown, produced, or manufactured in the beneficiary country; but no article or material of a beneficiary country shall be eligible for such treatment by virtue of having merely undergone—

(A) simple combining or packaging operations, or

(B) mere dilution with water or mere dilution with another substance that does not materially alter the characteristics of the article.

(3) As used in this subsection, the phrase "direct costs of processing operations" includes, but is not limited to—

(A) all actual labor costs involved in the growth, production, manufacture, or assembly of the specific merchandise, including fringe benefits, on-the-job training and the cost of engineering, supervisory, quality control, and similar personnel; and

(B) dies, molds, tooling, and depreciation on machinery and equipment which are allocable to the specific merchandise.

Such phrase does not include costs which are not directly attributable to the merchandise concerned or are not costs of manufacturing the product, such as (i) profit, and (ii) general expenses of doing business which are either not allocable to the specific merchandise or are not related to the growth, production, manufacture, or assembly of the merchandise, such as administrative salaries, casualty and liability insurance, advertising, and salesmen's salaries, commissions or expenses.

(b) The duty-free treatment provided under this title shall not apply to—

(1) textile and apparel articles which are subject to textile agreements;

(2) footwear, handbags, luggage, flat goods, work gloves, and leather wearing apparel not designated at the time of the effective date of this title as eligible articles for the purpose of the generalized system of preferences under title V of the Trade Act of 1974;

(3) tuna, prepared or preserved in any manner, in airtight containers;

(4) petroleum, or any product derived from petroleum, provided for in part 10 of schedule 4 of the TSUS; or

(5) watches and watch parts (including cases, bracelets and straps), of whatever type including, but not limited to, mechanical, quartz digital or quartz analog, if such watches or watch parts contain any material which is the product of any country with respect to which TSUS column 2 rates of duty apply.

(c)(1) As used in this subsection—

(A) The term "sugar and beef products" means—

(i) sugars, sirups, and molasses provided for in items 155.20 and 155.30 of the TSUS, and

(ii) articles of beef or veal, however provided for in subpart B of part 2 of schedule 1 of the TSUS.

(B) The term "Plan" means a stable food production plan that consists of measures and proposals designed to ensure that the present level of food production in, and the nutritional level of the population of, a beneficiary country will not be adversely affected by changes in land use and land ownership that will result if increased production of sugar and beef products is undertaken in response to the duty-free treatment extended under this title to such products. A Plan must specify such facts regarding, and such proposed actions by, a beneficiary country as the President deems necessary for purposes of carrying out this subsection, including but not limited to—

(i) the current levels of food production and nutritional health of the population;

(ii) current level of production and export of sugar and beef products;

(iii) expected increases in production and export of sugar and beef products as a result of the duty-free access to the United States market provided under this title;

(iv) measures to be taken to ensure that the expanded production of those products because of such duty-free access will not occur at the expenses of stable food production; and

(v) proposals for a system to monitor the impact of such duty-free access on stable food production and land use and land ownership patterns.

(2) Duty-free treatment extended under this title to sugar and beef products that are the product of a beneficiary country shall be suspended by the President under this subsection if—

(A) the beneficiary country, within the ninety-day period beginning on the date of its designation as such a country under section 212, does not submit a Plan to the President for evaluation;

(B) on the basis of his evaluation, the President determines that the Plan of a beneficiary country does not meet the criteria set forth in paragraph (1)(B); or

(C) as a result of the monitoring of the operation of a Plan under paragraph (5), the President determines that a beneficiary country is not making a good faith effort to implement its Plan, or that the measures and proposals in the Plan, although being implemented, are not achieving their purposes.

(3) Before the President suspends duty-free treatment by reason of paragraph (2)(A), (B), or (C) to the sugar and beef products of a beneficiary country, he must offer to enter into consultations with the beneficiary country for purposes of formulating appropriate remedial action which may be taken by that country to avoid such suspension. If the beneficiary country thereafter enters into consultation within a reasonable time and undertakes to formulate remedial action in good faith, the President shall withhold the suspension of duty-free treatment on the condition that the remedial action agreed upon be appropriately implemented by that country.

(4) The President shall monitor on a biennial basis the operation of the Plans implemented by beneficiary countries, and shall submit a written report to Congress by March 15 following the close of each biennium, that—

(A) specifies the extent to which each Plan, and remedial actions, if any, agreed upon under paragraph (4), have been implemented; and

(B) evaluates the results of such implementation.

(5) The President shall terminate any suspension of duty-free treatment imposed under this subsection if he determines that the beneficiary country has taken appropriate action to remedy the factors on which the suspension was based.

(d) For such period as there is in effect a proclamation issued by the President pursuant to the authority vested in him by section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) to protect a price-support program for sugar beets and sugar cane, the importation and duty-free treatment of sugars, sirups, and molasses classified under items 155.20 and 155.30 of the TSUS shall be governed in the following manner:

(1)(A) For all beneficiary countries, except those subject to subparagraph (B) and paragraph (2), duty-free treatment shall be provided in the same manner as it is provided pursuant to title V of the Trade Act of 1974 (19 U.S.C. 2461 et seq.), at the time of the effective date of this title; except that the President upon the recommendation of the Secretary of Agriculture, may suspend or adjust upward the value limitation provided for in section 504(c)(1) of the Trade Act of 1974 on the duty-free treatment afforded to beneficiary countries under this section if he finds that such adjustment will not interfere with the price support program for sugar beets and sugar cane and is appropriate in light of market conditions.

(B) As an alternative to subparagraph (A), the President may at the request of a beneficiary country not subject to paragraph (2) and upon the recommendation of the Secretary of Agriculture, elect to permit sugar, sirups, and molasses from that country to enter duty-free during a calendar year subject to quantitative limitations to be established by the President on the quantity of sugar, sirups, and molasses entered from that country.

(2) For the following countries whose exports of sugar, sirups, and molasses in 1981 were not eligible for duty-free treatment because of the operation of section 504(c) of the Trade Act of 1974, the quantity of sugar, sirups, and molasses which may be entered in any calendar year shall be limited to no more than the quantity specified below:

Metric tons:	
Dominican Republic	780,000
Guatemala	210,000
Panama	160,000

Such sugar, sirups, and molasses shall be admitted free of duty, except as provided for in paragraph (3).

(3) The President, upon the recommendation of the Secretary of Agriculture, may suspend or adjust upward the quantitative limitations imposed under paragraph (1)(B) or (2) if he determines such action will not interfere with the price support program for sugar beets and sugar cane and is appropriate in light of market conditions. The President, upon recommendation of the Secretary of Agriculture, may suspend the duty-free treatment for all or part of the quantity of sugar, sirups, and molasses permitted to be entered by paragraphs (1)(B) and (2) if such action is necessary to protect the price-support program for sugar beets and sugar cane.

(4) Any quantitative limitation on a beneficiary country under paragraphs (1)(B) and (2) shall apply only to the extent that such limitation permits a lesser quantity of sugar, sirups, and molasses to be entered from that country than the quantity that would be permitted to be entered under any other provision of law.

(e)(1) The President may by proclamation suspend the duty-free treatment provided by this title with respect to any eligible article and may proclaim a duty rate for such article if such action is proclaimed pursuant to section 203 of the Trade Act of 1974 or section 232 of the Trade Expansion Act of 1962.

(2) In any report by the International Trade Commission to the President under section 201(d)(1) of the Trade Act of 1974 regarding any article for which duty-free treatment has been proclaimed by the President pursuant to this title, the Commission shall state whether and to what extent its findings and recommendations apply to such article when imported from beneficiary countries.

(3) For purposes of subsections (a) and (c) of section 203 of the Trade Act of 1974, the suspension of the duty-free treatment provided by this title shall be treated as an increase in duty.

(4) No proclamation which provides solely for a suspension referred to in paragraph (3) of this subsection with respect to any article shall be made under subsections (a) and (c) of section 203 of the Trade Act of 1974 unless the United States International Trade Commission, in addition to making an affirmative determination with respect to such article under section 201(b) of the Trade Act of 1974, determines in the course of its investigation under section 201(b) of such Act that the serious injury (or threat thereof) substantially caused by imports to the domestic industry producing a like or directly competitive article results from the duty-free treatment provided by this title.

(5)(A) Any proclamation issued pursuant to section 203 of the Trade Act of 1974 that is in effect when duty-free treatment pursuant to section 101 of this title is proclaimed shall remain in effect until modified or terminated.

(B) If any article is subject to import relief at the time duty-free treatment is proclaimed pursuant to section 211, the President may reduce or terminate the application of such import relief to the importation of such article from beneficiary countries prior to the otherwise scheduled date on which such reduction or termination would occur pursuant to the criteria and procedures of subsections (h) and (i) of section 203 of the Trade Act of 1974.

(f)(1) If a petition is filed with the International Trade Commission pursuant to the provisions of section 201 of the Trade Act of 1974 regarding a perishable product and alleging injury from imports from beneficiary countries, then the petition may also be filed with the Secretary of Agriculture with a request that emergency relief be granted pursuant to paragraph (3) of this subsection with respect to such article.

(2) Within fourteen days after the filing of a petition under paragraph (1) of this subsection—

(A) if the Secretary of Agriculture has reason to believe that a perishable product from a beneficiary country is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing a perishable product like or directly competitive with the imported product and that emergency action is warranted, he shall advise the President and recommend that the President take emergency action; or

(B) the Secretary of Agriculture shall publish a notice of his determination not to recommend the imposition of emergency action and so advise the petitioner.

(3) Within seven days after the President receives a recommendation from the Secretary of Agriculture to take emergency action pursuant to paragraph (2) of this subsection, he shall issue a proclamation withdrawing the duty-free treatment provided by this title or publish a notice of his determination not to take emergency action.

(4) The emergency action provided by paragraph (3) of this subsection shall cease to apply—

(A) upon the proclamation of import relief pursuant to section 202(a)(1) of the Trade Act of 1974,

(B) on the day the President makes a determination pursuant to section 203(b)(2) of such Act not to impose import relief,

(C) in the event of a report of the United States International Trade Commission containing a negative finding, on the day the Commission's report is submitted to the President, or

(D) whenever the President determines that because of changed circumstances such relief is no longer warranted.

(5) For purposes of this subsection, the term "perishable product" means—

(A) live plants provided for in subpart A of part 6 of schedule 1 of the TSUS;

(B) fresh or chilled vegetables provided for in items 135.10 through 138.42 of the TSUS;

(C) fresh mushrooms provided for in item 144.10 of the TSUS;

(D) fresh fruit provided for in items 146.10, 146.20, 146.30, 146.50 through 146.62, 146.90, 146.91, 147.03 through 147.33, 147.50 through 149.21 and 149.50 of the TSUS;

(E) fresh cut flowers provided for in items 192.17, 192.18, and 191.21 of the TSUS; and

(F) concentrated citrus fruit juice provided for in items 165.25 and 165.35 of the TSUS.

(g) No proclamation issued pursuant to this title shall affect fees imposed pursuant to section 22 of the Agricultural Adjustment Act (7 U.S.C. 624).

SEC. 214. MEASURES FOR PUERTO RICO AND UNITED STATES INSULAR POSSESSIONS.

(a) Effective with respect to articles entered on or after the effective date of this Act, general headnote 3(a) of the TSUS is amended—

(1) by amending clause (i)—

(A) by striking out "50 percent" and inserting in lieu thereof "70 percent", and

(B) by inserting after "total value", "(or more than 50 percent of their total value with respect to articles described in section 213(b) of the Caribbean Basin Economic Recovery Act)"; and

(2) by amending clause (ii) by striking out "50 percent" and inserting in lieu thereof "70 percent".

(b) Item 813.31 of the TSUS is amended by striking out "4 liters" and inserting in lieu thereof "5 liters", and by inserting after "United States,", "and not more than 4 liters of which shall have been produced elsewhere than in such insular possessions,".

(c) If the sum of the amounts of taxes covered into the treasuries of Puerto Rico or the United States Virgin Islands pursuant to section 7652(c) of the Internal Revenue Code of 1954 is reduced below the amount that would have been covered over if the imported rum had been produced in Puerto Rico or the United States Virgin Islands, then the President shall consider compensation measures and, in this regard, may withdraw the duty-free treatment on rum provided by this title. The President shall submit a report to the Congress on the measures he takes.

(d) Section 1112 of the Trade Agreements Act of 1979 (19 U.S.C. 2582) is repealed.

(e) No action pursuant to this title may affect any tariff duty imposed by the Legislature of Puerto Rico pursuant to section 319 of the Tariff Act of 1930 (19 U.S.C. 1319) on coffee imported into Puerto Rico.

(f) For purposes of chapter 1 of title II of the Trade Act of 1974, the term "industry" shall include producers located in the United States insular possessions.

(g) Any discharge from a point source in the United States Virgin Islands in existence on the date of the enactment of this subsection which discharge is attributable to the manufacture of rum (as defined in paragraphs (3) of section 7652(c) of the Internal Revenue Code of 1954) shall not be subject to the requirements of section 301 (other than toxic pollutant discharges), section 306 or section 403 of the Federal Water Pollution Control Act if—

(1) such discharge occurs at least one thousand five hundred feet into the territorial sea from the line of ordinary low water from that portion of the coast which is in direct contact with the sea, and

(2) the Governor of the United States Virgin Islands determines that such discharge will not interfere with the attainment or maintenance of that water quality which shall assure protection of public water supplies, and the protection and propagation of a balanced population of shellfish, fish, and wildlife, and allow recreational activities, in and on the water and will not result in the discharge of pollutants in quantities which may reasonably be anticipated to pose an unacceptable risk to human health or the environment because of bioaccumulation, persistency in the environment, acute toxicity, chronic toxicity (including carcinogenicity, mutagenicity, or teratogenicity), or synergistic propensities.

SEC. 215. INTERNATIONAL TRADE COMMISSION REPORTS ON IMPACT OF THIS ACT.

(a) The United States International Trade Commission (hereinafter in this section referred to as the "Commission") shall prepare, and submit to the Congress and to the President, a report regarding the economic impact of this Act on United States industries and consumers during—

(1) the twenty-four-month period beginning with the date of enactment of this Act; and

(2) each calendar year occurring thereafter until duty-free treatment under this title is terminated under section 216(b).

For purposes of this section, industries in the Commonwealth of Puerto Rico and the insular possessions of the United States shall be considered to be United States industries.

(b)(1) Each report required under subsection (a) shall include, but not be limited to, an assessment by the Commission regarding—

(A) the actual effect, during the period covered by the report, of this Act on the United States economy generally as well as on those specific domestic indus-

tries which produce articles that are like, or directly competitive with, articles being imported into the United States from beneficiary countries; and

(B) the probable future effect which this Act will have on the United States economy generally, as well as on such domestic industries, before the provisions of this Act terminate.

(2) In preparing the assessments required under paragraph (1), the Commission shall, to the extent practicable—

(A) analyze the production, trade and consumption of United States products affected by this Act, taking into consideration employment, profit levels, and use of productive facilities with respect to the domestic industries concerned, and such other economic factors in such industries as it considers relevant, including prices, wages, sales, inventories, patterns of demand, capital investment, obsolescence of equipment, and diversification of production; and

(B) describe the nature and extent of any significant change in employment, profit levels, and use of productive facilities, and such other conditions as it deems relevant in the domestic industries concerned, which it believes are attributable to this Act.

(c)(1) Each report required under subsection (a) shall be submitted to the Congress and to the President before the close of the nine-month period beginning on the day after the last day of the period covered by the report.

(2) The Commission shall provide opportunity for the submission by the public, either orally or in writing, or both, of information relating to matters that will be addressed in the reports.

SEC. 216. IMPACT STUDY BY SECRETARY OF LABOR.

The Secretary of Labor in consultation with other appropriate Federal agencies, shall undertake a continuing review and analysis of the impact which the implementation of the provisions of this title have with respect to United States labor; and shall make an annual written report to Congress on the results of such review and analysis.

SEC. 217. FEASIBILITY STUDY REGARDING A CARIBBEAN TRADE INSTITUTE.

(a) The Secretary of State shall prepare a study regarding the feasibility of establishing a Caribbean Trade Institute in Harlem, New York City, supported by a combination of Federal and private funds.

(b) The study shall include, but not be limited to, an assessment of the extent to which, and the means by which, a Caribbean Trade Institute could—

(1) facilitate cooperation between public and private entities interested in engaging in or furthering Caribbean trade;

(2) serve as a catalyst for greater cultural exchange between the United States and Caribbean nations; and

(3) facilitate expansion of job opportunities both in the United States and the Caribbean Basin.

The study shall also include suggestions regarding the organization and staffing of such an institute.

(c) The study required by this section shall be submitted to the Congress within six months after the date of the enactment of this Act.

SEC. 218. EFFECTIVE DATE OF SUBTITLE AND TERMINATION OF DUTY-FREE TREATMENT.

(a) EFFECTIVE DATE.—This subtitle shall take effect on the date of the enactment of this Act.

(b) TERMINATION OF DUTY-FREE TREATMENT.—No duty-free treatment extended to beneficiary countries under this subtitle shall remain in effect after September 30, 1995.

Subtitle B—Tax Provisions

SEC. 221. PAYMENT OF EXCISE TAXES COLLECTED ON RUM TO PUERTO RICO AND THE UNITED STATES VIRGIN ISLANDS.

(a) IN GENERAL.—Section 7652 of the Internal Revenue Code of 1954 (relating to shipments to the United States) is amended by inserting after subsection (b) the following new subsection:

"(c) SHIPMENTS OF RUM TO THE UNITED STATES.—

"(1) EXCISE TAXES ON RUM COVERED INTO TREASURIES OF PUERTO RICO AND VIRGIN ISLANDS.—All taxes collected under section 5001(a)(1) on rum imported into the United States (less the estimated amount necessary for payment of refunds and drawbacks) shall be covered into the treasuries of Puerto Rico and the Virgin Islands.

"(2) SECRETARY PRESCRIBES FORMULA.—The Secretary shall, from time to time, prescribe by regulation a formula for the division of such tax collections between Puerto Rico and the Virgin Islands and the timing and methods for transferring such tax collections.

"(3) RUM DEFINED.—For purposes of this subsection, the term 'rum' means any article classified under item 169.13 or 169.14 or the Tariff Schedules of the United States (19 U.S.C. 1202).

"(4) COORDINATION WITH SUBSECTIONS (a) AND (b).—Paragraph (1) shall not apply with respect to any rum subject to tax under subsection (a) or (b).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to articles imported into the United States after June 30, 1983.

SEC. 222. TREATMENT OF CARIBBEAN CONVENTIONS, ETC.

(a) GENERAL RULE.—Subsection (h) of section 274 of the Internal Revenue Code of 1954 (relating to attendance at conventions, etc.) is amended by adding at the end thereof the following new paragraph:

"(6) TREATMENT OF CONVENTIONS IN CERTAIN CARIBBEAN COUNTRIES.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'North American area' includes, with respect to any convention, seminar, or similar meeting, any beneficiary country if (as of the time such meeting begins)—

"(i) there is in effect a bilateral or multilateral agreement described in subparagraph (C) between such country and the United States providing for the exchange of information between the United States and such country, and

"(ii) there is not in effect a finding by the Secretary that the tax laws of such country discriminate against conventions held in the United States.

"(B) BENEFICIARY COUNTRY.—For purposes of this paragraph, the term 'beneficiary country' has the meaning given to such term by section 212(a)(1)(A) of the Caribbean Basin Economic Recovery Act; except that such term shall include Bermuda.

"(C) AUTHORITY TO CONCLUDE EXCHANGE OF INFORMATION AGREEMENTS.—

"(i) IN GENERAL.—The Secretary is authorized to negotiate and conclude an agreement for the exchange of information with any beneficiary country. Except as provided in clause (ii), an exchange of information agreement shall provide for the exchange of such information (not limited to information concerning nationals or residents of the United States or the beneficiary country) as may be necessary or appropriate to carry out and enforce the tax laws of the United States and the beneficiary country (whether criminal or civil proceedings), including information which may otherwise be subject to nondisclosure provisions of the local law of the beneficiary country such as provisions respecting bank secrecy and bearer shares. The exchange of information agreement shall be terminable by either country on reasonable notice and shall provide that information received by either country will be disclosed only to persons or authorities (including courts and administrative bodies) involved in the administration or oversight of, or in the determination of appeals in respect of, taxes of the United States or the beneficiary country and will be used by such persons or authorities only for such purposes.

"(ii) NONDISCLOSURE OF QUALIFIED CONFIDENTIAL INFORMATION SOUGHT FOR CIVIL TAX PURPOSES.—An exchange of information agreement need not provide for the exchange of qualified confidential information which is sought only for civil tax purposes if—

"(I) the Secretary of the Treasury, after making all reasonable efforts to negotiate an agreement which includes the exchange of such information, determines that such an agreement cannot be negotiated but that the agreement which was negotiated will significantly assist in the administration and enforcement of the tax laws of the United States, and

"(II) the President determines that the agreement as negotiated is in the national security interest of the United States.

"(iii) QUALIFIED CONFIDENTIAL INFORMATION DEFINED.—For purposes of this subparagraph, the term 'qualified confidential information' means information which is subject to the nondisclosure provisions of

any local law of the beneficiary country regarding bank secrecy or ownership of bearer shares.

"(iv) CIVIL TAX PURPOSES.—For purposes of this subparagraph, the determination of whether information is sought only for civil tax purposes shall be made by the requesting party.

"(D) COORDINATION WITH SECTION 6103.—Any exchange of information agreement negotiated under subparagraph (C) shall be treated as an income tax convention for purposes of section 6103(k)(4).

"(E) DETERMINATION PUBLISHED IN THE FEDERAL REGISTER.—The following shall be published in the Federal Register—

"(i) any determination by the President under subparagraph (C)(ii) (including the reasons for such determination),

"(ii) any determination by the Secretary under subparagraph (C)(ii) (including the reasons for such determination), and

"(iii) any finding by the Secretary under subparagraph (A)(ii) (and any termination thereof)."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to conventions, seminars, or other meetings which begin after June 30, 1983.

SEC. 223. REPORT WITH RESPECT TO USE OF CARIBBEAN BASIN TAX HAVENS.

The Secretary of the Treasury shall, not later than ninety days after the date of the enactment of this Act, report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on—

(1) the level at which Caribbean Basin tax havens are being used to evade or avoid Federal taxes, and the effect on Federal revenues of such use,

(2) any information he may have on the relationship of such use to drug trafficking and other criminal activities, and

(3) current antitax haven enforcement activities of the Department of the Treasury.

Subtitle C—Sense of the Congress Regarding Sugar Imports

SEC. 231. SUGAR IMPORTS.

It is the sense of the Congress that sugar from any Communist country in the Caribbean Basin or in Central America should not be imported into the United States.

Approved August 5, 1983.

LEGISLATIVE HISTORY—H.R. 2973 (H.R. 500):

HOUSE REPORTS: No. 98-120 (Comm. on Ways and Means) and No. 98-325 (Comm. of Conference).

CONGRESSIONAL RECORD, Vol. 129 (1983):

May 17, considered and passed House.

June 16, considered and passed Senate, amended.

July 14, House concurred in Senate amendment with an amendment.

July 28, House and Senate agreed to conference report.

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